

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

AND IN THE MATTER OF a Generic Proceeding on Natural Gas Expansion in communities that are not served.

EB-2016-0004

**Interrogatories From
Anwaatin Inc. (Anwaatin)**

April 8, 2016

Question: 1

- a) Are there any situations where it would be desirable for provincial support to be accepted for expansion of service to rural, remote and First Nation communities?
- b) Please provide details on: the proposed cost allocation to each group, responsibilities, and long-term benefits in light of services and transition to a lower carbon economy.

Question: 2

- a) Are there any situations where it would be desirable for a Universal Service Fund type of mechanism, administered by the Ontario Energy Board (the **Board**) or similar Ontario body, and available to incumbent operators and to new entrants seeking expansion of natural gas service to rural, remote and First Nation communities?
- b) Please provide details on: the proposed cost allocation to each group, responsibilities, and long-term benefits in light of services and transition to a lower carbon economy.

Question: 3

Reference: • Union evidence, Exhibit A, Tab 1, pages 2-5

Preamble: Union Gas asserts that the Board's jurisdiction does not include authority to require that Union's customers subsidize the expansion undertaken by another distributor into communities that do not have natural gas service.

- a) Are there options available to incumbent operators that would enable incumbents to subsidize expansion into rural, remote and First Nation communities through partnership or collaborative distribution arrangements with other parties?
- b) Please provide details on: the proposed cost allocation to each group, responsibilities, and long-term benefits in light of services and transition to a lower carbon economy.

Question: 4

Reference:

- Union evidence, Schedule 1, page 5
- Union evidence, Schedule 1, page 6

Preamble: Union Gas put forward the following principles:

- Customers and municipalities who directly benefit from Community Expansion Projects should contribute to the financial viability of the project.
- Expansion customer contributions to project feasibility should be commensurate with the savings achieved by switching to natural gas.
- Moderate cross subsidization from existing customers is acceptable, provided long-term rate impacts are reasonable.
- Natural gas distributors should not be exposed to financial risk related to the incremental new community capital investments.

Union then identifies funding mechanisms including Temporary Expansion Surcharge, Incremental Tax Equivalent, Temporary Connection Surcharge and a cross-subsidy between existing ratepayers and new expansion ratepayers.

- a) Which of these are applicable to expansion of natural gas service to remote First Nations and "road-connected" First Nations?
- b) Can Union Gas describe scenarios in which the above principles and funding mechanisms can be applied to unserved First Nation communities - both remote First Nations and "road-connected" First Nations?
- c) Please provide details on: the proposed cost allocation to each group, responsibilities, and long-term benefits in light of services and transition to a lower carbon economy.