

July 19, 2016

VIA RESS AND COURIER

Ms. Kirsten Walli
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Dear Ms. Walli:

Re: EB-2016-0004: Application to Consider Potential Alternative Approaches to Expanding Natural Gas Service.

Comment on Southern Bruce "Round 2" Submissions.

On behalf of IGUA we have reviewed all of the "Round 2" submissions filed in the captioned matter. We write to express concern with one aspect of the Southern Bruce Round 2 submissions; the treatment by Southern Bruce of the topic of Ontario's uniform transmission rates (UTRs).

IGUA's Concern

In addressing UTRs in its Round 2 submissions, and challenging Board Staff's Round 1 submissions position that end use customers benefit at least in some measure from all of the transmitters regardless of which transmitter they are actually connected to¹, Southern Bruce has:

1. asserted for the first time in this proceeding "facts" not adduced in evidence (by it or anyone else); and
2. neglects to even refer to the contrary evidence of its own witness.

In the result, the related assertion by Southern Bruce that the UTR can be justified only as a mechanism to levelize the rates paid by consumers for transmission services across the Province should be given little, if any, weight by the Board in its deliberations.

¹ Board Staff Round 1 submissions, page 13.

Particulars

At paragraphs 56 through 58 of its Round 2 submissions, Southern Bruce seeks to address Board Staff's Round 1 submissions regarding Ontario's UTR. At paragraph 57, Southern Bruce states:

Board Staff relies on the colloquial wisdom that UTR is justified because "although there is some measure of cross subsidy between the five transmitters, end use customers benefit at least in some measure from all of the transmitters regardless of which transmitter they are actually connected to".

Southern Bruce proceeds to chastise Board Staff for not providing any evidence in support of this assertion.

At paragraph 56 Southern Bruce asserts new (to this proceeding) facts regarding Five Nations Energy Inc.'s transmission facilities, and at paragraph 57 Southern Bruce provides statements implying facts related to Hydro One's transmission facilities in Dryden and Kenora, again in relation to the Five Nations Energy Inc. system. Southern Bruce then proceeds (at paragraph 58) to urge the Board to "*set aside colloquial wisdom in light of clear facts*", and concludes on this topic of its Round 2 submissions with the assertion that:

As it exists, the UTR can be justified only as a mechanism to levelize the rates paid by consumers for transmission services across the entire Province despite the cost differentials caused by geography. [Emphasis added.]

The problem with Southern Bruce's approach to this topic is that there are no "*clear facts*" on the record to support Southern Bruce's assertion. The only "facts" are those asserted by Southern Bruce in paragraph 56 of its Round 2 submissions. It is thus inappropriate for Southern Bruce to assert that there is any factual support on the record of this proceeding for its assertion.

Aggravating this circumstance is the fact that Southern Bruce has ignored its own witnesses' testimony to the contrary (see Southern Bruce Interrogatory Responses, pages 48 and 50 (in response to IGUA interrogatory 7) and associated testimony at Transcript Volume 3, page 214 line 9 through page 215 line 5). Mr. Todd's evidence and associated testimony in fact supports Board Staff's position, and is contrary to the Round 2 assertions of Southern Bruce.

Indeed, Southern Bruce's Round 2 assertions on this topic also fly in the face of a 2008 report prepared for the OEB by London Economics entitled *A Review of Uniform Transmission Rates in Ontario*.²

Had Southern Bruce's evidence advanced the facts that it now seeks to rely on, we would have explored (and challenged) those facts on behalf of IGUA. We did explore Mr. Todd's evidence on the point, and adduced the testimony which supports Board Staff's position, contradicts Southern Bruce's assertion, and has been completely ignored by Southern Bruce in addressing the point in its Round 2 submissions.

Southern Bruce should not be permitted to seek to advance untested evidence in argument³, nor to simply ignore the tested evidence to the contrary, particularly given that such contrary evidence is from its own witness. As it stands, there is no factual basis for Southern Bruce to challenge Board Staff's assertions regarding the basis for the Board's approach to setting UTRs, and the evidence on the record supports Board Staff's assertions (and is contrary to those of Southern Bruce).

Accordingly, Southern Bruce's untested assertions of "fact" in support of its position on UTRs should be given no weight in the Board's deliberations.

Yours truly,



per: Ian A. Mondrow

- c. Intervenor of Record
 - K. Viraney (OEB)
 - M. Millar (OEB)

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² *A Review of Uniform Transmission Rates in Ontario, Final Report*, prepared for the Ontario Energy Board by London Economics International LLC dated March 2008. See, for example, sections 2.1 through 2.3 at pages 21-22.

³ Ironically, Southern Bruce levels the same complaint about Northern Cross, see paragraph 87 of Southern Bruce's Round 2 submissions.