DR QUINN & ASSOCIATES LTD.

VIA E-MAIL

November 13, 2016

Ontario Energy Board
Attn: Kirsten Walli, Board Secretary
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto ON M4P 1E4

RE: Requests for More Fulsome Responses to IR's and Supplemental Information

We are writing on behalf of the Federation of Rental-housing Providers of Ontario ("FRPO") in respect to the Responses to Interrogatories ("IR's") filed by Union Gas on November 11, 2016. Given the condensed time frames in this proceeding, we are providing this letter to the Board of our need for more fulsome answers to our questions which we respectfully request be provided by end of day November 15th to facilitate informed dialogue for the purposes of settling or narrowing issues in the Board-ordered settlement conference.

Our area of inquiry is focused on the Parkway Delivery Obligation ("PDO") and Commitment Incentives ("PDCI"). As background to the request we provide the following excerpts from the "SETTLEMENT FRAMEWORK FOR REDUCTION OF PARKWAY DELIVERY OBLIGATION"[1]:

> **The ultimate objective of the modified proposal is to remedy an inequity. The guiding principle is to keep Union whole rather than to enhance or reduce its earnings during the operation of the Incentive Regulation Mechanism ("IRM") to December 31, 2018.** (emphasis added).
>
> 10. Union will include in its annual rate case filings a report on:
> (a) Capacity that could become available, or could be made available, in the 2 years commencing with the test year, and could be used to further reduce the PDO in place at the time of the rate case filing on a more cost effective (i.e. lower revenue requirement) basis than the cost of the PDCI. Parties in the rate review process may explore any such options and advocate for further physical displacement of remaining PDOs to Dawn or other delivery points less costly to deliver to than Parkway.

[1] EB-2013-0365 Union Settlement A, Updated 20140603, Appendix B, A3 and B10 accepted by the Board June 16, 2014

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(c) The measures that Union used and the costs incurred to manage the Parkway delivery shortfall (described in paragraph B.2) to acquire incremental resources, the costs of which are not already recovered in base rates, Y factors and/or existing deferral and variance accounts.

If the costs incurred to manage the Parkway delivery shortfall component of the PDO reduction in any year are less than the annual demand costs related to the shortfall in that year and actual fuel costs in that year for capacity equal to the shortfall capacity, then the entire amount of such cost savings will accrue to Union.

Conversely, if the actual costs in any year to manage the Parkway Delivery shortfall
in that year exceed annual demand costs and actual fuel costs in that year for capacity equal to the shortfall amount, then Union will be entirely responsible for those excess costs. Parties further agree that ratepayers will be entitled to recover from Union that portion of the costs incurred by Union to manage the Parkway Delivery shortfall to the extent that the cost of the measures used by Union to manage the shortfall are already covered in base rates, Y factors and/or existing deferral or variance accounts.

In our IR's, FRPO was seeking understanding in areas that, in our view, were under-reported in the application. Upon reviewing the responses to these IR's, we would respectfully a request more fulsome answers to:

FRPO.1 Please provide the simulation results schematics supporting the factors.
Our inquiry asked for the explanation to be aided by schematics. The requested schematics are for Dawn to Parkway simulation results before and after the application of turnback to determine the stated equivalency. While we received the explanation that factors can change for many reasons, the simulation schematics would summarize the conditions for each year which is why they were requested.

FRPO.2 Please provide the requested turnback by the respective segments.
Supported by the settlement agreement, our inquiry requested all turnback on the Dawn-Parkway system by individual segment. The IR response only provided Dawn-Kirkwall.

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In addition to the above omissions and recognizing the compressed time frame allotted for settlement conference negotiations, we are advancing an additional request for clarification and supporting information in this area in advance of the meeting to provide preparation time:

FRPO.3 Please provide the per GJ/day annual revenue requirement impact in 2017 for each build.
The response provided the capital cost per GJ/day. We would desire for it to be expressed as an annualized cost.

1) Please provide the per GJ/day cost of the PDO and the PDCI.

2) For each of 2014/15, 2015/16, 2016/17 and 2017/18, please provide:
   a) The forecasted amount of Dawn-Parkway capacity
   b) The forecasted peak-day requirements
   c) The amount of capacity recovered in base rates, Y factors and/or existing deferral or variance accounts (broken out by each category of recovery).
   d) The measures that Union used and the costs incurred to manage the Parkway delivery shortfall to acquire incremental resources, the costs of which are not already recovered in base rates Y factors and/or existing deferral and variance accounts.

We trust that responses to these information requests will assist the parties in the settlement process.

Respectfully Submitted on Behalf of FRPO,

Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

c. M. Kitchen, UNIONGASREGULATORYPROCEEDINGS
L. Gluck – OEB Staff
Interested Parties – EB-2016-0245
S. Andison, K. Lauesen - FRPO

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