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April 10, 2017

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

Dear Ms. Walli,

RE: EB-2016-0137 – EB-2016-0138 – EB-2016-0139 – South Bruce Expansion Applications – Notice of Intervention (Phase 2) and Cost Eligibility Request (Phase 1 & 2) of London Property Management Association

This is the response of the London Property Management Association ("LPMA") to the Ontario Energy Board's ("OEB") Procedural Order No. 4 dated April 7, 2017 and the April 6, 2017 letter from EPCOR Southern Bruce Gas Inc. ("EPCOR") objecting to intervenor status for LPMA in phase 2 of the above noted proceeding.

While LPMA agrees with EPCOR that the Board has already determined in EB-2016-0004 that a subsidy from existing customers is not appropriate as it would distort the market to the detriment of existing Union Gas ("Union") ratepayers and competing energy service providers, LPMA does not agree with the EPCOR conclusion that issues related to existing ratepayers are not live issues for phase two of the proceeding.

EPCOR also submitted that phase one of the proceeding is the more appropriate forum for participation by intervenors representing constituents outside the municipalities to be served by the application.

LPMA notes that it appears that OEB has limited phase one to submissions on the issues list.

As noted in the request for intervenor status in phase 2 of this proceeding and cost eligibility for both phase one and two of the proceeding, LPMA noted that in its findings in the EB-2016-0004 Decision with Reasons dated November 17, 2016, the OEB indicated that project proposals would need to be self-financing and have no risk to existing ratepayers. The OEB also found that the issue of advancing upstream system expansion and enhancements should be considered in every case where they are shown to exist. LPMA notes that these costs are likely to exist for the South Bruce communities

and will be costs incurred by Union, regardless of who ultimately serves the communities.

The OEB also stated that *"Given the OEB's determination with respect to stand-alone rates, it is preferable to consider the matter of the revenue requirement recovery in the context of individual proposals and not on a generic basis**. The OEB will want to determine (among other things) if Union and Enbridge's proposals negatively impact existing customers whose interests are protected by the settlement agreement. That would best be done in the context of a specific proposal that reflects the OEB's determinations in this hearing with respect to stand-alone rates."*** (emphasis added)

LPMA submits that the OEB clearly stated that it would want to determine if there were any negative impact on existing customers and that this would be best done in the context of a specific proposal, which LPMA notes will be part of the current proceeding.

LPMA has not yet had the opportunity to see the Union or EPCOR proposals with respect to rates, revenue requirements or, in the case of Union, the proposals and methodology that will ensure existing customers are not negatively impacted. Indeed, this is what LPMA intends to focus its submissions on with respect to the issues list for this proceeding. Some of these potential issues were noted in the LPMA Notice of Intervention dated March 29, 2017 (such as the methodology of allocation of OM&A and capital costs between the two service areas, and the accounting for these costs during the rate stability period and beyond).

Indeed, LPMA submits that EPCOR is as likely as LPMA to want to consider whether there is any subsidization by Union in its proposal to serve the affected municipalities. It would be unfair to let a competing applicant pursue that issue while not affording the existing ratepayers of Union to do the same.

As noted in the LPMA Notice of Intervention, if the OEB determines that any issues of whether the Union proposal has the potential of negatively impacting existing customers would be better dealt with in another proceeding – despite its decision noted above in the EB-2016-0004 proceeding – then LPMA has no interest in phase two of the proceeding.

However, until the OEB determines the issues list and until both Union and EPCOR file their complete evidence, LPMA submits that the OEB should find LPMA eligible for phase one related costs. Eligibility for phase two costs should be made following issuance of a final issues lists, which in itself, should be based on the filings of both applicants.

Finally, LPMA submits that the OEB should not require intervenors to provide submissions on an issues list until they have had the opportunity to review the complete evidence of both EPCOR and Union. Given that the OEB and interested parties have not participated in this type of competing application before, and that there may be some discussion around what constitutes a complete application from each of the applicants,

LPMA believes that it would pre-mature to expect parties to file submissions on the issues list prior to reviewing the evidence.

Yours very truly,

Randy Aiken

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c.c. Britt Tan (EPCOR)