

VIA E-MAIL

May 24, 2017

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

RE: EB-2017-0091 – Union Gas 2016 Deferral Acct. Disp. – FRPO Response to Union Gas

We are writing in response to Union Gas' letter of May 19th in the above proceeding. In its letter, Union requests a rejection of our request to seek cost awards in dealing with issues of Gas Supply because Union has not asked for an approval of their Gas Supply plan and there is a process underway to develop a framework to review utility Gas Supply plans. We respectfully request the Board consider our concerns and our opportunity to inform the Board about the short- and long-term implications of Union's Gas Supply decisions.

Short-Term Concern

In EB-2015-0166, Union Gas requested the prior approval of the cost consequences of delivering about 20% of the Union South annual volumes through the Nexus pipeline starting November 1, 2017. The Board approved that request. However, that project is still awaiting regulatory approval and will not be in place for this coming winter. On behalf of its system gas customers, Union is making alternate arrangements for the gas that will not be delivered via Nexus. Absent inclusion in this proceeding, the only forum available for the approval of these Gas Supply decisions is the QRAM proceeding and we understand the Board does not want extensive discovery and submissions in that forum. In our view, inclusion in this proceeding is more appropriate as the Gas Supply framework proceeding is not scheduled for conclusion prior to the time that winter contracting for additional supplies must be completed.

Long-term Concern

Recently, TransCanada Pipelines held an open season for a Long-term Fixed Price opportunity to deliver gas to Dawn at a significant discount to existing tolls and likely at a discount, on a landed cost basis to many transportation paths to Dawn. While we do not know with certainty that Union expressed interest, we are aware that Union did not even include that path in its Incremental Transportation Contracting Analysis and are not listed as a shipper in the evidence submitted by TransCanada to the NEB¹. Given that this offering was larger in scale in annual deliveries to Dawn than the Nexus pipeline and is projected to provide gas to Dawn at a lower

¹ RH-003-2017 TCPL Dawn Long-Term Fixed Price Service Application, page 11 of 29

landed cost, it is disconcerting to have Union Gas omit that path in its submitted analysis in evidence for Incremental Transportation Contracting Analysis. This Incremental Transportation Contracting Analysis was established in EB-2005-0520 as a means of demonstrating the analysis undertaken in support of seeking approval of the costs of upstream transportation contracts.²

Conclusion

We respect and appreciate the Board's initiation of the proceeding to consider a Framework to review the Gas Supply plans of the utilities³. However, if and until the Board orders changes to the regulatory construct, there is a considerable gap in oversight on significant decisions impacting the short- and long-term landed costs to the consumer. We believe including these issues in the current proceeding issues list would be most efficient and in the public interest. We stand so strongly behind that belief that we are willing to pursue those interests, with or without upfront eligibility for cost awards. Therefore, we respectfully request the inclusion of Gas Supply issues on the Issues List for this proceeding.

Thank you for your consideration of this request

Respectfully Submitted on Behalf of FRPO,



Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

- c. K. Hockin - Union Gas
- K. Viraney, L. Gluck, M. Millar – Board Staff
- Interested Parties – EB-2017-0091
- K. Lauesen - FRPO

² EB-2005-0520 Decision with Reasons, dated June 29, 2006, Settlement Agreement, Appendix B

³ EB-2017-0091