

VIA E-MAIL

June 20, 2017

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

RE: EB-2017-0185 Union Gas QRAM – FRPO Comments

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 June 16, 2017 and the process to establish just and reasonable rates for the utilities commodity-related rates.

Background

In the most recent ratemaking¹ and deferral account disposition proceedings², the list of issues was narrowed to topics for which Union requested specific approval. These orders narrowed the proceedings in a way that omitted gas supply issues. In the most recent and on-going deferral disposition case, one of the reasons provided was that there was on-going proceeding where we could bring up gas supply issues. The proceeding identified was the Consultation on the Framework for the Assessment of Distributor Gas Supply Plans, EB-2017-0129. In our respectful submission, that proceeding is a Consultation to provide Board staff input on consideration of the approaches for the assessment of the LDC’s plans. Neither utility is seeking a specific approval of any aspect of their plan nor their respective approaches to the development and approval of their plan.

In our view, until such time as the Consultation concludes, Staff reports and the Board renders a decision which may provide a process whereby each utility receives an approval of their gas supply plan, there is insufficient information about the decisions being made

¹ EB-2016-0245 UNION GAS 2017 RATES, Procedural Order, issued October 25, 2016 combined with the Notice of Hearing published October 17,2016

² EB-2017-0091 UNION GAS 2016 DEFERRAL DISPOSTION, Procedural Order No.1 issued June 2, 2017

on behalf of ratepayers. This limits the information available to the Board in making a decision in the public interest.

As a result, we took our inquiry to the QRAM process. Respecting the constrained time frames, we submitted our questions June 12th within business hours of the filing of evidence by each utility. We have reviewed Union's responses submitted June 16th and provide the following comments.

Comments

Given the nature of pass through costs for both commodity and transportation, utilities are making economic decisions on behalf of their ratepayers. As ratepayers who are at risk for those decisions, we would desire to examine the process and analysis to ensure that our interests are paramount and choices are made prudently. For the most part, our inquiry into important and current issues such as Dawn LTFP received limited response due to technicalities and timing issues. Dawn LTFP is a Long-Term Fixed Price service from Empress to Dawn (10 years, discounted to \$0.77 less than half the current toll for the path). Given that the vast majority of the gas that Union buys on behalf of its system gas program flows through Dawn, we were trying to understand the analysis and rationale behind Union's lack of pursuit of this option.

Given the reasons provided and the resulting lack of information, we cannot provide the Board with any material comments at this time and will trust that the Board will ensure these matters are understood and appropriately considered in this and the process to come. We trust that these issues are important to the Board and will be asking about these matters in the October QRAM when the timing may provide the applicant with a better opportunity to provide a more fulsome response.

The one positive outcome achieved through the responses received was a clearer understanding of the respective sources of gas and transportation costs and Union's forecasted costs which underpin the prospective recovery of these costs in rates³. We appreciate Union's provision of that presentation and would encourage their inclusion of that presentation as an exhibit in the next application. Through the Consultation on the Framework for the Assessment of Distributor Gas Supply Plans, we will be encouraging a

³ Exhibit B.FRPO.4

comparable presentation for Board Staff's consideration of this approach as a constructive contribution to the ability of the Board to make better informed decisions in the gas supply area.

Conclusion

We respect that the QRAM process was originally developed to provide an expedited, mechanistic price-setting process for the reasons behind its original establishment. At the same time, given the recent evolution in narrowing the scope of inquiry through limitation of cost-eligible issues, we are concerned that the Board is not able to receive insight into the activities of the utilities in making choices that impact ultimate costs to ratepayers. While we are inhibited from providing the Board with our informed opinion on the merits of the application, we believe that our involvement has been of service to the Board and as such we will be seeking recovery of our reasonably incurred costs in this application.

All of Which is Respectfully Submitted on Behalf of FRPO,



Dwayne R. Quinn
Principal
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- c. V. Innis, UNIONGASREGULATORYPROCEEDINGS
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