

August 14, 2017

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**RE: EB-2017-0091 – Union Gas Limited – 2016 Disposition of Deferral Account Balances and 2016 Earnings Sharing Amount – Clarification re: Board Staff Submission on Settlement Proposal**

Union Gas Limited (“Union”) filed a Settlement Proposal and draft Rate Order with the Ontario Energy Board (“the Board”) on August 1, 2017 reflecting the settlement by the parties. Board Staff made their submission on August 9, 2017 supporting the Settlement Proposal and noting “*the accompanying explanation and rationale is adequate to support the settlement proposal*”. Board Staff also provided further comments on the disposition of the balances in the deferral and variance accounts. Union would like to clarify one of the areas of comment.

Regarding the balance in the Parkway West Project Costs Deferral Account, the parties agreed to dispose of the balance on an interim basis, and defer final disposition of the balances until all the project costs are known. Union will file evidence to address the Board’s expectations as per the Decision in the Parkway West case as noted (see reference below). To ensure there is no confusion, Union submits Board Staff misstated the settlement of this issue indicating evidence was insufficient and that Union agreed to provide “better evidence”.

Rather, the specific wording of the agreement is as follows:

*Although the Parkway West Project is in-service there is additional spending forecast for 2017. The parties agree that the balance in this deferral account will be disposed of on an interim basis. Final disposition will occur when the prudence of this and all other spending (including prior to 2017) above the pre-approved capital level of \$219 million will be assessed as part of Union’s 2017 Deferral proceeding, or a subsequent proceeding if all projects costs have not been incurred by then.*

*In its evidence seeking final approval, Union will file evidence regarding the overspending/underspending on the 2015 Dawn Parkway Projects and address the Board’s expectation for Union to rigorously control its expenditures as noted at page 15 of the Board’s January 30, 2014 Decision in EB-2012-0433/EB-2013-0074.*

If you have any questions concerning this submission please contact me at 519-436-5473.

Yours truly,

*[Original Signed by]*

Karen Hockin  
Manager, Regulatory Initiatives

c.c.: Crawford Smith, Torys  
Myriam Seers, Torys  
EB-2017-0091 Intervenors