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October 18, 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-2016-0296- Comments of London Property Management Association on the Union Gas Draft Rate Order

These are the comments of the London Property Management Association (“LPMA”) on the draft rate order filed by Union Gas (“Union”) in response to the Ontario Energy Board 2017 Cap-and-Trade Compliance Plan Decision and Order dated September 21, 2017 (“Board Decision”). The comments provided below are based on the updated draft rate order filed by Union on October 18.

While LPMA believes that Union has accurately reflected the Board Decision with respect to the costs and the allocation of those costs to the various rate classes, LPMA has concerns with respect to the accuracy of the draft rate schedules. Again, LPMA believes that Union has appropriately reflected the cap and trade compliance charges (both customer related and facility related) as separate line items, as directed by the Board.

However, LPMA has concerns with the effective date shown on the rate schedules and on Schedule “A” to the rate schedules. Schedule “A” shows the gas supply charges for Union’s Southern Delivery Zone. While LPMA’s comments are focused on the rate schedules and gas supply charges for the Southern Delivery Zone, LPMA believes that the same issues arise for the rate schedules and gas supply charges for the North West and North East Delivery Zones.

With respect to the draft rate schedules, LPMA notes that the effective date is shown as January 1, 2017. There is no implementation date noted, only that the rates shown supersede the EB-2017-0278 rate schedule effective October 1, 2017.

The problem with this approach is that it incorrectly implies that all the rates shown on the rate schedule are effective January 1, 2017. This is clearly not the case.

As an example, the rate M1 delivery charges approved by the Board in the EB-2016-0334 Decision and Interim Order dated December 21, 2016 for interim rates beginning January 1, 2017, do not match the delivery charges shown in the DRO in this proceeding, even when adjusted for the facility-related cap and trade charges. As an example, in the EB-2016-0334 approved rate schedule, the M1 delivery charge in the first block of consumption was 4.7347 cents per m3. This figure excluded the customer-related cap and trade rate, but did include the facility-related cap and trade charge of 0.0297 cents per m3. Removing this charge resulted in a delivery charge of 4.7050 cents per m3. In the current DRO, the delivery charge on the first block of consumption for an M1 customer is 4.6608 cents per m3.

Similarly, the Delivery – Price Adjustment charge in the EB-2016-0334 approved M1 rate schedule for January 1, 2017 was 0.4365 cents per m3. This charge is now shown as 0.5143 cents per m3, as approved in the EB-2017-0278 QRAM application for October 1, 2017 rates. However, the current rate schedule in the DRO implies that this price adjustment charge was effective January 1, 2017. Clearly it was not.

A similar disconnect exists with the respect to the gas supply charges shown in Schedule “A” for customers in the Southern Delivery Zone. Schedule “A” shows the rates that were approved as part of the October QRAM filing (EB-2017-0278). However, the rate schedule shows an effective date of January 1, 2017. This would appear to override the rates approved by the Board in the January, April and July 2017 QRAM decisions.

LPMA notes that there is another issue with the proposed draft rate orders, this being specific to the cap and trade charges. Based on the draft rate schedules in the DRO, the charges to be applied by Union include a 3.3181 cent per m3 customer related charge and a 0.0240 cent per m3 facility related charge on billings through to the end of 2017. However, as noted in the Board Decision (page 41), the interim rates approved effective January 1, 2017 are to remain in effect for the balance of 2017. Since there is no mention of an implementation date on the draft rate schedules, ratepayers will not be able to match their charges to the rates shown in rate schedules.

LPMA believes that there is an easy fix for the above noted problems with the draft rate schedules. LPMA has briefly reviewed the approach taken by Enbridge Gas Distribution in their draft rate order and believes it provides an accurate representation of the Board Decision.

With respect to the Union rate schedules, LPMA submits that the effective date should remain October 1, 2017, consistent with the EB-2017-0278 QRAM decision, but a footnote should be added to the “Cap-and-Trade (in addition to Delivery Charge)” line that says ‘Cap and Trade Customer and Facility Related Charges effective January 1, 2017 as indicated in Board Order EB-2016-0296’. This is the same footnote that Enbridge is proposing to use in their rate schedules.

With respect to Schedule “A”, LPMA sees no need to change the effective date from October 1, 2017 to January 1, 2017. As noted above, this is clearly wrong. It appears that Schedule “A” does not contain any rates that include cap and trade related rates. If some of the rates shown on Schedule “A” are impacted by the cap and trade rates, then LPMA submits then same approach of using the October 1, 2017 effective date along with a footnote for the rates that are impacted by cap and trade would be appropriate.

Finally, given the Board decision that the interim rates approved effective January 1, 2017 are to remain in effect for the balance of 2017, LPMA submits that the footnote proposed above should indicate that the new cap and trade related rates will be implemented January 1, 2018 and that the existing rates will remain in place until then.

LPMA supports Union’s proposal to include updated customer notices as part of the January, 2018 QRAM to reflect the changes from the Decision and Order. LPMA believes that including a customer notice at this time (with the next bill) that indicates rates have been changed as of January 1, 2017 but are not reflected in the current bill or any bill to the end of year with the changes showing up bills on and after January 1, 2018 would be extremely confusing to ratepayers.

Sincerely,

Randy Aiken

Randy Aiken
Aiken & Associates

cc: Applicant and Intervenors (by e-mail)