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**DELIVERED BY EMAIL & RESS**

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

Dear Ms. Walli:

**Re: Southern Bruce Gas Expansion Applications  
Board File Nos. EB-2016-0137/0138/0139  
Union Gas Ltd. CIP Proposal**

We are counsel to the Municipality of Kincardine, the Municipality of Arran-Elderslie and the Township of Huron-Kinloss (“Southern Bruce”).

On page 20 of its CIP proposal Union Gas indicates it has entered into a 15 year term contract with the largest industrial customer to be served by the gas expansion project. Union further states the related natural gas volumes represent approximately 50% of the total Project volumes over 10 years. Finally, Union indicates that the contract is conditional on Board approval of Union’s CIP and that the “inclusion of this significant contracted volume results in a reduction to the Revenue Requirement per m3 relative to the same load being excluded.”

Southern Bruce requests that the OEB direct Union Gas to produce the industrial customer contract as part of the Board’s CIP review process for the following reasons:

Southern Bruce would be very concerned about any scenario wherein the Board relies upon the existence of a contingent 15 year contract, whose details remain unknown to everyone but Union and the large user, as a contributing factor to awarding CIP approval to Union, but only to have this factor eliminated later should the Board in a Leave To Construct proceeding decide not to approve the rates Union promised under the contract. In these circumstances Southern Bruce considers this element of Union’s CIP to be a significant risk where all parties face the possibility of returning “to square one” to repeat the CIP application process.

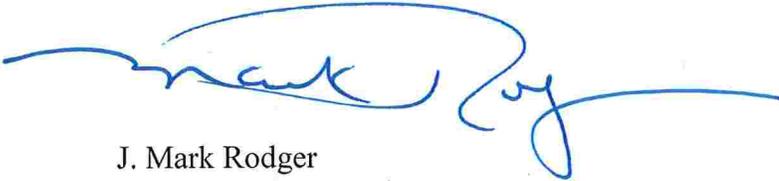
Furthermore, and as Southern Bruce has advised the Board on previous occasions, the municipalities are concerned about ensuring that gas distribution rates be designed based on equity and fairness amongst all customers in the respective service areas and not just favourable to any one single customer. For example, the extent to which the rates Union has promised the large user come at the expense of, and will result in, higher gas distribution rates for homes, hospitals, schools, farms and small businesses, this is relevant to the Board's public interest deliberations when assessing both CIPs before the Board.

The Mayors strongly believe the issue of Union's contingent contract should be dealt with now and not in a subsequent Board proceeding.

Finally, based on our review of both proponent's CIP submissions, Southern Bruce wishes to specifically note its concern that Union's CIP proposed routing has a considerably lower potential to capture the key agricultural loads than compared to EPCOR's CIP (see attached comparison table). Servicing of this consumer segment is an important aspect of the Southern Bruce municipalities' economic development objectives.

Yours truly,

**BORDEN LADNER GERVAIS LLP**



J. Mark Rodger  
Incorporated Partner\*  
\*Jonathan Rodger Professional Corporation

Copy to: Mayor Anne Eadie, Kincardine  
Mayor Paul Eagleson, Arran-Elderslie  
Mayor Mitch Twolan, Huron-Kinloss  
All Parties

TOR01: 7095819: v1

Potential Agricultural Business Connections Based on Proximity of Natural Gas Route(s)<sup>1</sup>

#	Agricultural Business	Potential Connections on:	
		Unions Route	EPCORs Route
1	Calhoun Hidden Creek Farms	✓	✗
2	Maxwell Beef Farms	✓	✗
3	Snobelen Tiverton Elevator	✓	✓
4	Lurganview Farms Inc.	✓	✓
5	Murray Wilken (North of Concession 4)	✗	✓
6	Murray Wilken (South of Concession 4)	✗	✓
7	Prehnbrook Farms Ltd.	✗	✓
8	Brucelea Poultry Farms Ltd.	✗	✓
9	Snobelen Farms Ltd.	✗	✓
10	Wehrmann Farms Ltd.	✗	✓
11	Schlegel - East of Riply on Concession 6	✗	✓
12	P.D. Schlegel Limited	✗	✓
13	Michael Smith	✓	✓
14	Hans Ulrich Schwarz	✗	✓
15	753522 Ontario Inc.	✓	✓
16	Paul MacIntyre	✓	✓
17	Snobelen Farms Ltd. - Lucknow	✓	✓
	<b>Total</b>	<b>8</b>	<b>15</b>

Note:

1 - Table based on known businesses along transmission/distribution route(s).