

VIA E-MAIL

December 6, 2017

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

RE: EB-2017-0087 Union Gas 2018 Rates- Requests for More Fulsome Responses to IR's

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 November 20, 2017. We are providing this letter to the Board expressing our need for more fulsome answers to our questions which we respectfully request be filed with the Board and sent to intervenors by Dec. 12, 2017 to facilitate informed dialogue for the purposes of settling or narrowing issues in the Board-ordered settlement conference.

Our area of inquiry is focused on the Parkway Delivery Obligation ("PDO"). As background to the request, we provide the following excerpts from the "SETTLEMENT FRAMEWORK FOR REDUCTION OF PARKWAY DELIVERY OBLIGATION"<sup>1</sup>:

**The ultimate objective of the modified proposal is to remedy an inequity. The guiding principle is to keep Union whole rather than to enhance or reduce its earnings during the operation of the Incentive Regulation Mechanism ("IRM") to December 31, 2018.** (emphasis added).

10. Union will include in its annual rate case filings a report on:  
(a) Capacity that could become available, or could be made available, in the 2 years commencing with the test year, and could be used to further reduce the PDO in place at the time of the rate case filing on a more cost effective (i.e. lower revenue requirement) basis than the cost of the PDCI. Parties in the rate review process may explore any such options and advocate for further physical displacement of remaining PDOs to Dawn or other delivery points less costly to deliver to than Parkway.

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<sup>1</sup> EB-2013-0365 Union Settlement A, Updated 20140603, Appendix B, A3 and B10 accepted by the Board June 16, 2014

(c) The measures that Union used and the costs incurred to manage the Parkway delivery shortfall (described in paragraph B.2) to acquire incremental resources, the costs of which are not already recovered in base rates, Y factors and/or existing deferral and variance accounts.

If the costs incurred to manage the Parkway delivery shortfall component of the PDO reduction in any year are less than the annual demand costs related to the shortfall in that year and actual fuel costs in that year for capacity equal to the shortfall capacity, then the entire amount of such cost savings will accrue to Union.

Conversely, if the actual costs in any year to manage the Parkway Delivery shortfall in that year exceed annual demand costs and actual fuel costs in that year for capacity equal to the shortfall amount, then Union will be entirely responsible for those excess costs. Parties further agree that ratepayers will be entitled to recover from Union that portion of the costs incurred by Union to manage the Parkway Delivery shortfall to the extent that the cost of the measures used by Union to manage the shortfall are already covered in base rates, Y factors and/or existing deferral or variance accounts.

Upon reviewing the responses to these IR's, we would respectfully a request more fulsome answers to:

**FRPO.11 We asked a number of questions regarding utilization of Dawn-Parkway ("D-P") space beyond the daily demands of in-franchise and ex-franchise customers calling it optimization.**

The Union response stated: "a) - f) As Union had excess Dawn Parkway System capacity during the last four calendar years (2014-2017) Union did not optimize the Dawn Parkway System.

That D-P excess capacity is precisely our point. We are asking about Union sales of the excess capacity when we used phrases like "amount sold", etc. We are concerned why this was inquiry was answered in this way when in a similar inquiry of FRPO.6 in EB-2017-0091(see attached) using the same term "optimization" yielded some of the data we are now seeking in this proceeding.

We respectfully request that Union provide fulsome answers to our original questions given this clarification.

**FRPO.7 Please provide the requested turnback by the respective segments.**

In our references to the interrogatory, in the Settlement Agreement in EB-2016-0245, Union provided reporting of Dawn-Parkway turnback by segment. The response from Union in this case only provided Dawn-Kirkwall turnback. We acknowledge that our inquiry did not specify all segments only generally referring to last year's agreement. Nonetheless, we are seeking updated turnback by segment including all segments (i.e., Dawn-Kirkwall, Dawn-Parkway, Kirkwall-Parkway). We respectfully request that Union provide an update on the turnback by segment.

Respectfully Submitted on Behalf of FRPO,



Dwayne R. Quinn  
Principal  
DR QUINN & ASSOCIATES LTD.

- c. A. Stiers, UNIONGASREGULATORYPROCEEDINGS – Union Gas  
K. Viraney – OEB Staff  
Interested Parties – EB-2017-0087  
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