



EB-2016-0137
EB-2016-0138
EB-2016-0139

South Bruce Expansion Applications

**Applications to serve the Municipality of Arran-Elderslie,
the Municipality of Kincardine and the Township of
Huron-Kinloss with natural gas distribution services**

PROCEDURAL ORDER NO. 9

December 7, 2017

EPCOR Southern Bruce Gas Inc. (EPCOR) filed applications with the Ontario Energy Board (OEB) on March 24, 2016 under sections 8 and 9 of the *Municipal Franchises Act*, R.S.O. 1990, c. M.55, seeking approval for its franchise agreements with and Certificates of Public Convenience and Necessity for the Municipality of Arran-Elderslie, Municipality of Kincardine and the Township of Huron-Kinloss (“the South Bruce Expansion Applications”). Procedural Order No. 1, which was issued on January 5, 2017, directed other parties interested in serving the areas covered by the South Bruce Expansion Applications to notify the OEB of their interest. Union Gas Limited (Union) filed a letter dated January 19, 2017 notifying the OEB of its interest in serving the areas covered by the South Bruce Expansion Applications.

Through procedural orders, the OEB determined that it would hear the applications to serve the areas in two phases. In the first phase, the OEB would consider submissions on certain preliminary issues, and in the second phase, the OEB would select either EPCOR or Union as the successful proponent.

In its Partial Decision and Procedural Order No. 6 (the Partial Decision) issued on June 23, 2017, the OEB decided to establish a Common Infrastructure Plan (CIP) as the basis for determining proponents’ successful revenue requirements. Both Union and

EPCOR agreed on certain CIP parameters in a joint session with OEB staff on July 13, 2017. The OEB also provided for an oral hearing on August 2, 2017 for areas of disagreement between the proponents on the CIP.

The Decision on Preliminary Issues and Procedural Order No. 8 (Decision and P.O. 8) resolved the CIP-related issues that were the subject of the August 2, 2017 oral hearing and addressed those other aspects of the Preliminary Issues List that were not determined in the June 23, 2017 Partial Decision. In accordance with the Decision and P.O. 8, both EPCOR and Union filed proposals to serve the area covered by the South Bruce applications on October 16, 2017.

The OEB has reviewed the proposals and determined that it would be assisted by limited interrogatories for the purposes of clarification, given that the proposals involve different routes and are to that extent not precisely common infrastructure. The list of proposed interrogatories can be found in Appendix A. The OEB invites parties that have any other interrogatories that parties believe to be absolutely necessary in terms of assisting the OEB in its deliberations to submit these interrogatories to the OEB for consideration. The OEB will then determine which interrogatories to issue to the proponents.

As mentioned in the Decision and P.O. 8, rate-setting and rate-making schemes, such as how the revenue requirement will be recovered, including the actual permissible annual revenue updates during and after the rate stability period, will be decided later with the full participation of affected ratepayers. In addition, the OEB agreed that proponents would not have to disclose certain information involving competitively derived elements that build up the revenue requirement in the proposals. The OEB will not entertain any questions regarding this information.

Following the proponents' replies to the interrogatories, the OEB envisions a round of submissions from all parties, with no further provision for reply submissions.

The OEB does not anticipate awarding any costs for proposed interrogatories or submissions made by intervenors.

It is necessary to make provision for the following matters related to this proceeding. Further procedural orders may be issued by the OEB.

IT IS THEREFORE ORDERED THAT:

1. Parties shall file proposed interrogatories that they believe to be essential in assisting the panel's deliberations regarding the proposals to serve the areas covered by the South Bruce Expansion Applications with the OEB by **December 14, 2017**. The OEB will endeavor to issue the final list of approved interrogatories by December 21.
2. EPCOR Southern Bruce Gas Inc. and Union Gas Limited shall file with the OEB complete written responses to the interrogatories by **January 11, 2018**.
3. Unless the OEB orders otherwise, any written submission by parties shall be filed with the OEB and delivered to all other parties by **January 25, 2018**.

All filings to the OEB must quote the file numbers, EB-2016-0137 | EB-2016-0138 | EB-2016-0139, be made in searchable / unrestricted PDF format electronically through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed at the OEB's address provided below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.oeb.ca/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Registrar at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Azalyn Manzano at Azalyn.Manzano@oeb.ca and OEB Counsel, Michael Millar at Michael.Millar@oeb.ca.

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Registrar

E-mail: registrar@oeb.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, **December 7, 2017**

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX A

TO

PROCEDURAL ORDER 9

EB-2016-0137 | EB-2016-0138 | EB-2016-0139

South Bruce Expansion Applications

December 7, 2017

INTERROGATORIES
Union Gas Limited
South Bruce Expansion Applications
EB-2016-0137 | EB-2016-0138 | EB-2016-0139
December 7, 2017

1. Ref: Union Gas' CIP Proposal / Page 18 / Table 7

Preamble:

In Table 7, Union Gas provided a ten year forecast of customer attachments by customer class.

Questions:

- a) What are Union Gas' total market size and assumptions for each customer class?
- b) Please provide separate counts of the forecast agricultural and large industrial customer attachments over the 10-year period.

2. Ref: Union Gas' CIP Proposal / Page 5 / s. 3

Preamble:

In s. 3, Union Gas reported the results for each of the three metrics resulting from its CIP proposal.

Questions:

- a) Using the information provided in the CIP proposal, calculate and provide the following metrics.
 - i. NPV of 10-year Revenue Requirement per Metre of Pipe (\$/m)
 - ii. Average Number of Customers per Kilometer (customers/km)
 - iii. Cumulative 10-yr Revenue Requirement per Unit of Volume (\$/m³)
- b) If Union Gas' customer attachment rates are materially different than 60% residential and 65% commercial, then use these rates to recalculate and provide the following metrics and CIP criteria .
 - i. Net Present Value (NPV) of 10-year Revenue Requirement
 - ii. Cumulative 10-year Revenue Requirement
 - iii. NPV of 10-year Revenue Requirement per Metre of Pipe (\$/m)
 - iv. Average Number of Customers per Kilometer
 - v. Cumulative 10-yr Revenue Requirement per Unit of Volume
 - vi. Customer Years
 - vii. Cumulative 10-yr Volume
- c) Assuming no industrial customers (and associated pipe and volumes), recalculate and provide the metrics and CIP criteria listed in a) and b) above.

- d) How do the metrics and CIP criteria listed in a) above as calculated for South Bruce compare with similar projects done by Union (e.g. Union Community Expansion Applications - EB-2017-0179)?

INTERROGATORIES
EPCOR South Bruce Gas Inc.
South Bruce Expansion Applications
EB-2016-0137 | EB-2016-0138 | EB-2016-0139
December 7, 2017

1. Ref: CIP Application / Schedule D / Table D1

Preamble:

EPCOR provided a ten year forecast of customer attachments by customer class.

Question:

- a) What are EPCOR's assumptions regarding total market size for each customer class?
- b) Please provide separate counts of the forecast agricultural and large industrial customer attachments over the 10-year period.

2. Ref: CIP Application / Schedule D / Tables D1 and D3, CIP Application / Tab 2 / p. 6, CIP Application / Tab 5 / p. 18

Preamble:

EPCOR provided aggregate annual forecast volumes for its large volume contract customers and calculated its CIP criteria accordingly. EPCOR forecasted attaching 13 out of a total market of 20 potential industrial and large agricultural customers (65%) in the South Bruce area, 4,818 out of a total market of 8,301 potential residential customers (around 60%) and 447 out of a total market of 688 potential commercial customers (around 65%).

Questions:

- a) Using the information provided in the CIP proposal, calculate and provide the following metrics.
 - i. NPV of 10-year Revenue Requirement per Metre of Pipe (\$/m)
 - ii. Average Number of Customers per Kilometer (customers/km)
 - iii. Cumulative 10-yr Revenue Requirement per Unit of Volume (\$/m³)
- b) Using an annual normalized average consumption (NAC) approach for large agricultural and industrial customers, calculate and provide the following metrics and CIP criteria.
 - i. Net Present Value (NPV) of 10-year Revenue Requirement
 - ii. Cumulative 10-year Revenue Requirement
 - iii. NPV of 10-year Revenue Requirement per Metre of Pipe (\$/m)
 - iv. Average Number of Customers per Kilometer

- v. Cumulative 10-yr Revenue Requirement per Unit of Volume
 - vi. Customer Years
 - vii. Cumulative 10-yr Volume
- c) Assuming no industrial customers (and associated pipe and volumes), recalculate and provide the metrics and CIP criteria listed in a) and b) above.