

December 13, 2017

**VIA RESS AND COURIER**

Ms. Kirsten Walli  
**ONTARIO ENERGY BOARD**  
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Dear Ms. Walli:

**Re: EB-2017-0351: Union Gas Limited (Union) January 1, 2018 QRAM Application.**

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**Industrial Gas Users Association (IGUA) Comments.**

We write as legal counsel to IGUA.

### **IGUA's Position on Proposed Rate Adjustments**

IGUA's advisors, Aegent Energy Advisors Inc. (Aegent), have reviewed Union's Application for quarterly adjustment of rates (QRAM) to be effective January 1, 2018. Based upon Aegent's advice, IGUA is satisfied that Union has properly followed the QRAM methodology for quarterly rate adjustments approved by the OEB's EB-2008-0106 Decision.

IGUA has no objection to approval of Union's application as filed.

We note that, consistent with the last QRAM, Union has transferred the latest QRAM recovery variances (covering the period July – September, 2017) for its previous North PGVA and North Tolls & Fuel variance accounts to the new deferral accounts aligned with the new North West and North East zones. Union proposes to continue this transfer for the next 2 QRAMs and then it will be able to close the old accounts. IGUA has previously commented that Union's proposal for addressing these recovery variances was reasonable, and continues to so observe.

We also note that Union has indicated, and planned for, a further delay in the availability of the Nexus pipeline from April 1, 2018 (as indicated in the October QRAM) to September, 2018. To provide for alternative supply, Union has increased its DTE/MichCon capacity to hold 90,000 Dth/day until October 31, 2018 (if required until then), and has secured an additional 60,000 Dth/day of capacity on Vector through March 31, 2018, following which it has assumed Dawn supplies in its plans. Union has advised that it will evaluate alternatives to these Dawn supplies.

IGUA would appreciate more information from Union in respect of Nexus and its alternative plans, as follows:

1. What was the original contracted for in-service date for Nexus?
2. What is the currently expected in-service date for Nexus?
3. What has caused the delays in Nexus?
4. What costs is Union incurring in connection with its Nexus capacity during the delay period?
5. Is IGUA correct that the Dawn supplies currently assumed to replace the Vector capacity as of March 31, 2018 is a placeholder, and will be subject to reassessment at the time?

### **Costs**

Pursuant to the Board's *Practice Direction on Cost Awards*, IGUA is eligible to apply for a cost award as a party primarily representing the direct interests of ratepayers in relation to regulated gas services. IGUA requests that the Board award it costs reasonably incurred in review of Union's QRAM.

IGUA has, in the past, been consistently awarded modest costs for review of QRAM applications. IGUA respectfully submits that the Board, in making such awards, has recognized some value (commensurate with modest costs) in the independent and informed review of such applications.

IGUA continues to be mindful of the need for efficiency in its regulatory interventions, in particular in respect of relatively non-contentious matters such as is normally the case with QRAM applications. For QRAM reviews, IGUA has retained Aegent, whose professionals are expert in Ontario gas commercial and regulatory matters, including rate matters in particular. Aegent conducts a review of the QRAM application as filed, and provides a report to IGUA. Provided that Aegent's report does not indicate any concerns with either the application of the QRAM protocols or the rate outcome, IGUA is in a position to advise the Board that it has no cause for objection, as is the case in this instance.

In this instance, IGUA has also asked some questions to inform the developing record in respect of Nexus delays and Union's response thereto.

IGUA submits that it has acted responsibly with a view to informing the Board's review and decision on this Application, while maintaining due attention to cost efficiency. On this basis, IGUA is requesting recovery of its costs for participation in this process.

Yours truly,



*for:* Ian A. Mondrow

- c. Dr. Shahrzad Rahbar (IGUA)
- Vanessa Innis (Union)
- Crawford Smith (Torys)
- Valerie Young (Aegent)
- Intervenors of Record (EB-2017-0087)

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