



2000 – 10423 101 St NW, Edmonton, AB
T5H 0E8 Canada
epcor.com

January 22, 2018

VIA RESS AND EMAIL

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: EPCOR Southern Bruce Gas Inc. Correspondence
South Bruce Expansion CIP Proposals EB-2016-0137 | EB-2016-0138 | EB-2016-0139**

On January 19, 2018, the Board circulated correspondence to all parties in the above applications which contained a summary table of metrics and CIP criteria based on the submissions from EPCOR Southern Bruce Gas Inc.'s ("EPCOR") and Union Gas Limited's ("Union") CIP proposals and interrogatory responses.

EPCOR reviewed this correspondence and found several inaccuracies in the summary table based on EPCOR's understanding of the metrics and CIP criteria. Accordingly, please find enclosed proposed corrections to the summary table of metrics and CIP criteria.

In the Board's summary table, the final note suggests all Union volumes are provided as per adjusted volumes with a time period beginning as of in-service date. Rather than in-service date however, as per Union IRR 2 and 4, Union has provided an adjusted volume that now follows a time parameter of 'calendar years' beginning as of January 1, 2019. This coincides with the same time period as the EPCOR volume metrics presented in the summary table.

As per EPCOR's revisions to the note at the end of the summary table, it is EPCOR's understanding the table is intended to include Union's adjusted volumes as per IRR 4. As such, the cumulative volume metric should reflect 287 million m³ as opposed to the 315 million m³ originally identified. This correction would also align the provided metrics in the summary table with the Union cumulative 10-year revenue requirement per unit of volume metric of \$0.2444/m³.

If you require any further information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Britt Tan", with a stylized flourish extending to the right.

Britt Tan
Legal Counsel
EPCOR Utilities Inc.
btan@epcor.com
(780) 412-3998

Attachment: Summary of Metrics and CIP Criteria

Metric / Criteria	Case	EPCOR	Union Gas
1. Net Present Value (NPV) of 10-year Revenue Requirement (\$)	a) CIPs as filed	\$59.1 million	\$55.3 million
	b) Assuming 60% residential and 65% commercial customer attachment rates if materially different from CIP as filed, per Union Gas IRR 3.	N/Applic	Deemed not material
	c) Without industrial customers per EPCOR IRR 2 and Union Gas IRR 3	\$56.2 million	\$54.6 million
2. Cumulative 10- year Revenue Requirement (\$)	a) CIPs as filed	\$75.6 million	\$70.1 million
	b) Assuming 60% residential and 65% commercial customer attachment rates if materially different from CIP as filed, per Union Gas IRR 3.	N/Applic	Deemed not material
	c) Without industrial customers per EPCOR IRR 2 and Union Gas IRR 3.	\$72.0 million	\$69.3 million
3. NPV of 10-year Revenue Requirement per metre (\$/m)	a) EPCOR IRR 2; Union Gas IRR 3.	\$190.62/m	\$171.76/m
	b) Assuming 60% residential and 65% commercial customer attachment rates if materially different from CIP as filed, per Union Gas IRR 3.	N/Applic	Deemed not material
	c) Without industrial customers per EPCOR IRR 2 and Union Gas IRR 3.	\$182.06/m	\$170.59/m
4. Forecasted Residential Customer Attachment Rate (%)	EPCOR CIP as filed; Union Gas IRR 1.	60%	71%
5. Forecasted Commercial Customer Attachment Rate (%)	EPCOR CIP as filed; Union Gas IRR 1.	65%	72%
6. Average Customers per kilometer	a) EPCOR in its IRR 2 and Union Gas in its IRR 3.	17.0	21.3
	b) Assuming 60% residential and	N/Applic	Deemed not

Metric / Criteria	Case	EPCOR	Union Gas
(customers/km)	65% commercial customer attachment rates if materially different from CIP as filed, per Union Gas IRR 3.		material
	c) Without industrial customers per EPCOR IRR 2 and Union Gas IRR 3.	17.1	21.4
7. Cumulative 10- yr revenue requirement per unit of volume (\$/m ³)	a) EPCOR IRR 2 CIP as filed ; Union Gas IRR 3.	\$0.1766/m ³	\$0.2444/m ³
	b) Using NAC approach per EPCOR IRR 2.; Union Gas IRR 3.	\$0.2209/m ³	N/Applic \$0.2444/m³
	c) Assuming 60% residential and 65% commercial customer attachment rates if materially different from CIP as filed, per Union Gas IRR 3.	N/Applic	Deemed not material
	d) Without industrial customers per EPCOR IRR 2 and Union Gas IRR 3.	\$0.5633/m ³	\$0.5290/m ³
8. Customer years (years)	a) CIPs as filed	42,569	54,171
	b) Assuming 60% residential and 65% commercial customer attachment rates if materially different from CIP as filed, per Union Gas IRR 3.	N/Applic	Deemed not material
	c) Without industrial customers per EPCOR IRR 2 and Union Gas IRR 3.	42,539	54,141
9. Cumulative 10- yr volume (m ³)	a) EPCOR CIP as filed; Union Gas adjusted volume per IRR 4	428 million m ³	345 287 million m ³
	b) Using NAC approach per EPCOR IRR 2.	342 million m ³	N/Applic
	c) Assuming 60% residential and 65% commercial customer attachment rates if materially different from CIP as filed, per Union Gas IRR 3.	N/Applic	Deemed not material
	d) Without industrial customers per EPCOR IRR 2 and Union Gas IRR 3.	128 million m ³	131 million m ³
10. Total System Length (not including service lines) (km)	EPCOR IRR 2; Union Gas CIP as filed.	309.9 km	321.7 km

Metric / Criteria	Case	EPCOR	Union Gas
11. Total Estimated Market Size (customer count)	EPCOR IRR 2 1 ; Union Gas IRR 1.	8739	9601
12. Time to File LTC (days)	EPCOR IRR 7; Union Gas IRR 8.	100 days	2 months (~60 days)

Note: Further to Union Gas’ IRR **2 and 4**, all of Union’s volume and volume dependent values above are based on their adjusted volumes using a 10-year ‘calendar year’ period beginning **January 1, 2019**. ~~at the in-service date.~~ This allows for a more direct comparison with EPCOR’s values.