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January 26, 2018

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: EB-2017-0306 – Enbridge Gas Distribution Inc. and Union Gas Limited
Amalgamation Application – Issues List Submissions of London Property
Management Association**

Procedural Order No. 2 in the above noted proceeding, dated January 16, 2018 provided for submissions on the proposed issues list for this proceeding. On behalf of the London Property Management Association (“LPMA”), I have reviewed the argument-in-chief of the applicants.

On January 17, 2018, Mr. Ian Mondrow wrote a letter to the Board on behalf of a number of intervenors, including LPMA, with regard to a consensus alternative proposed issues list for the Board’s consideration. LPMA fully supports the alternative proposed issues list as attached to that letter.

LPMA has had the opportunity to review the submissions of the Building Owners and Managers Association (“BOMA”) and draft submissions of the School Energy Coalition (“SEC”). LPMA fully supports those submissions.

LPMA notes that the merger of the two applicants is unique and unlike the merger activity taking place in the electricity sector in Ontario.

First, the two utilities that propose to merge are related entities since they are owned by the same parent company. Any proposed merger savings should be based on the assumption that the related companies, in the absence of a merger, would share services wherever possible. This raises the issue of whether and to what extent, incentives are required for the utilities to merge.

Second, if a 10 year deferral period was approved, it is highly unlikely that rates could be considered just and reasonable over this period. This is because by the end of the deferral period, the cost allocation study used to set base rates would be 15 years old and

significantly out of date. The changing composition of customers and customer consumption patterns that are the result of DSM programs, cap and trade requirements, community expansions and changes in technology over this 15 year period would not be reflected in the allocation of costs to different rate classes. LPMA believes this needs to be considered in the approval of any deferral period.

Finally, with respect an earnings sharing mechanism (“ESM”), LPMA submits that the Board needs to evaluate any ESM proposal based on transition costs, projected savings and the magnitude of excess earnings to accrue to the shareholder. LPMA submits that there must be an appropriate incentives provided to the utilities and the protection provided to customers.

Yours very truly,

Randy Aiken

Randy Aiken
Aiken & Associates

c.c. Vanesa Innis, Union Gas (by e-mail)
EGD Regulatory Proceedings (by e-mail)
Intervenors (by e-mail)