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February 2, 2018

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

Dear Ms. Walli,

**RE: EB-2017-0307 – Enbridge Gas Distribution Inc. and Union Gas Limited – Rate Setting Mechanism – Issues List Submissions of London Property Management Association**

Procedural Order No. 2 in the above noted proceeding, dated January 23, 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 23, 2018, Mr. Ian Mondrow wrote a letter to the Ontario Energy Board (“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 draft submissions of the School Energy Coalition (“SEC”). LPMA fully supports those submissions. In addition to those submissions, LPMA provides the following for the benefit of the Board.

In reviewing the utility argument-in-chief on the issues list, LPMA has noted two inconsistencies. First, after indicating that the intervenor issue A.3(f) (Should there be a Z factor, and if so what are the appropriate parameters and materiality threshold?) in paragraph 20, the utilities then show this as a contested issue in paragraph 28. LPMA submits that this is clearly not a contested issue and should be included in the approved issues list.

Second, as noted in paragraph 27, the utilities concluded that, among other issues, “*the proposed parameters for calculating treatment of qualifying investments for the purposes of the Incremental Capital Module (“ICM”) are appropriate [Item A.3(h) in the Intervenor*

*Proposal]*” are within the scope of this case and should be added to the draft issues list. Then in paragraph, the utilities list Issue A.3(h) as a contested issue. Unless the utilities are contesting their own proposed revised draft issues list, this is clearly not a contested issue and should be included in the approved issues list.

With respect to Issue A.3(e) of the Intervenor’s proposed issues list (Other Factors as possible Y factors), LPMA notes the comment at paragraph 24 of the Argument-in-Chief that it is “*very unlikely to the Applicants that intervenors will propose other factors for Y-factor treatment in addition to those put forward by the Applicants*”. LPMA disagrees. As an example, intervenors may propose Y-factor treatment of a lost revenue adjustment mechanism (LRAM) for the general service market. The only LRAM Y factor contemplated by the applicants is for the contract market, along with separate treatment of changes to normalized average consumption/average use. This assumes the continuation of a process that was agreed to in the previous IRM applications. This assumption may be misplaced. As second example of other Y factors may be the treatment of transition costs. It may be beneficial to ratepayers to pay for the upfront transition costs and then reap 100% of the projected savings from the merger. Such an option should be open for review.

The applicants opposed the inclusion of Issue A.2, that deals with the rate framework under five sub-issues that are listed. LPMA finds this opposition to be misplaced. Issue A.2 effectively deals with how the proposed framework meets the requirements of the Renewed Regulatory Framework (“RRF”). LPMA does not understand how the applicants can ignore how the proposed rate framework fits with the RRF, which is the cornerstone of regulation in Ontario. LPMA does propose a simple working change to Issue A.2. Instead of starting with “*How should the framework ensure:*” LPMA submits that “*Does the framework ensure:*” is more appropriate.

LPMA has seen the submissions of the Ontario Association of Physical Plant Administrators (“OAPPA”) with regard to contested issues A.5 and A.8, and supports those submissions. The utilities have provided evidence on both of these matters and appear to be seeking approval of the Board of their proposals. LPMA submits that by filing evidence on these matters, they are issues that should be open to discussion and examination by intervenors and the Board. The evidence cannot be simply ignored, nor should the utilities interpret no determination by the Board on these matters as implicit approval.

LPMA also supports the OAPPA submission with respect to Issue C.1. LPMA is concerned with potential changes to conditions of service that may be changed to the detriment of current Union customers. One example of this is the Supplemental Service to Commercial and Industrial Customers Under Group Meters for customers in Rates M1 & M2 where the combination of readings from several meters may be authorized by the company and the company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way.

With respect to the contested issues A.6 and A.7, LPMA notes that these both deal with implications of the merger on gas costs, transportation costs, gas supply planning and costing and how those changes will impact cost allocation and rates. LPMA submits that

it would be more efficient to deal with these issues as part of this proceeding than having to deal with them through the QRAM process. While the QRAM process is meant to be mechanical in nature, this would not be the case if the merger results in changes to gas supply planning (including purchases of gas and transportation services) that may impact gas costs and transportation service costs differently between the Union and EGD service areas.

With respect to contested issues B.1 and B.2 (both related to setting 2019 rates), LPMA notes that the only issue proposed by the utilities is adjustments to costs in setting the 2019 rates. The utilities do not want to discuss potential changes to revenues, adjustments to rates or other adjustments. They also indicate that adjustments to cost allocation is a contested issue, even though the evidence states (Exhibit B, Tab 1, page 31) that Amalco intends to address the cost allocation of the Panhandle System and St. Clair System in its 2019 rates application. LPMA submits that the Board should not allow the applicants to cherry pick what adjustments they want for 2019 rates. The intervenor proposal for 2019 rates eliminates the ability of the utilities to do that.

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)