

July 24, 2018

VIA RESS AND COURIER

Ms. Kirsten Walli
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Dear Ms. Walli:

Re: EB-2018-0013 – Union Gas Limited (Union) Kingsville Transmission Reinforcement Project.

Procedure for Final Submissions: Request for Adjustment

We write to request that the Board consider an amendment to the process for final submissions herein as set out in Procedural Order No. 3. The Board has directed that Intervenor and OEB Staff file written submissions contemporaneously, on or before August 14th. We write to request that the Board consider directing that OEB Staff file its submissions first, and that intervenors be given time to review and consider those submissions prior to filing their own submissions.

The basis for this request are the various rate making related policy issues which have been raised through the written discovery process, including through the questions posed by the Hearing Panel to Union by way of P.O. No. 2. We understand that OEB Staff intend to address such issues in their submissions, and it would certainly be helpful to us to have the benefit of Staff's characterization of, and view on, such issues in order to structure IGUA's input. We believe this would also assist the Hearing Panel as it would enhance the focus of the final submissions and thus assist the Hearing Panel in its deliberations.

There are a number of cost recovery/cost allocation related topics which we believe have been engaged in the Hearing Panel's questions to Union issued as Appendix A to P.O. No. 2. The Board has issued questions to Union regarding, among other topics:

1. The potential to "allocate" transmission expansion capacity among various customer groups.
2. The consideration of the benefits of the proposed transmission expansion accruing to particular groups of customers in the geographic area to be directly served by the transmission expansion as distinct from the accrual of benefits to the Union system as a whole.

3. The potential to consider contribution in aid of construction requirements for contract customers directly served by the proposed transmission expansion.

While we appreciate that the Board has previously indicated¹ that it will not consider Union's proposal to recover the costs associated with the proposed transmission expansion at this time, at least pending conclusion of the Enbridge Gas Distribution/Union Gas application for approval of an Incremental Capital Module (ICM) mechanism as part of a broader merger and rate plan proposal [EB-2017-0306/0307], issues of cost recovery and allocation have still been raised herein, though to what end is unclear to us at the moment. For example, it is unclear to us how contributions in aid of construction would be determined and how (or why) such contributions would be exacted from customers if expansion costs are not approved, or not fully approved, for recovery pending rebasing of Union's rates, which is currently not proposed to occur until 2029.

The Hearing Panel's questions also engage the topic of the appropriateness of applying the transmission and/or distribution expansion evaluation frameworks set out in EBO 134 and EBO 188, respectively, to the proposed expansion.

Given that the topics raised herein engage basic rate making considerations, and certain approaches suggested by the Hearing Panel's questions and/or Union's answers would depart from the conventional approach to rate making in Ontario, on behalf of IGUA we would certainly benefit from reviewing OEB Staff's framing of the issues and views thereon in advance of providing IGUA's own positions.

We do not believe that the addition of a reasonable amount of time (such as a week) to the process would prejudice Union or any other party.

On this basis we request that the Board consider an amendment to the submission process to allow for intervenors to consider OEB Staff's submissions prior to filing their own.

Yours truly,


Ian A. Mondrow

c: S. Rahbar
K. Hockin (Union)
C. Keizer (Torys LLP)
Z. Crnojacki (Board Staff)

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¹ OEB Letter to Union Gas herein dated February 27, 2018.