

August 2, 2018

RESS & Courier

Ms. Kirsten Walli
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Union Gas Limited – 2019 Community Expansion Project (EB-2018-0142)/Chatham-Kent Rural Project (EB-2018-0188)/Taylor Mine Project (EB-2018-0189)

Union Gas Limited (“Union”) is writing in response to the Ontario Energy Board’s (“the Board”) letter dated July 26, 2018 requesting that Union provide an update on the status of the above-noted applications and confirm whether or not each project would remain viable from an economic feasibility perspective without the availability of Natural Gas Grant Program (“NGGP”) funding.

Union was also asked to provide an explanation as to why it would prefer the Board continue with processing the application(s) in the normal course, in the event a given project may not be viable without NGGP funding.

Union confirms that if there were to be no funding mechanism available, it is possible that some of these projects may not proceed. However, there has not been any formal direction received regarding the status of previously approved NGGP funding.

Based on the above, Union’s view is that the Board should proceed with issuing Notice for each application. As additional support Union respectfully requests the Board proceed for the following reasons.

First and foremost, timing is critical as customers forecast to be served off the 2019 Community Expansion, the Chatham-Kent Rural and Taylor Mine Projects are expecting service in 2019. If NGGP funding remains available, any further delay in issuing Notice at this point jeopardizes the ability to obtain OEB approval and begin construction early enough in 2019 to have the facilities in-service by November 1, 2019. In addition, for the Economic Development projects, Union has contractual commitments from a number of customers. As well, customers have made financial commitments related to these projects, with at least one customer committing in excess of \$1 million for equipment in anticipation of receiving service.

Secondly, Notice will be required for Union's Community Expansion application regardless of the status of funding as the application includes a request for approvals beyond the individual leave to construct and rate requests for the individual communities. The application requests approval for use of System Expansion Surcharges for community expansion projects and Temporary Connection Surcharges for small main extension projects or attachments that do not meet Community Expansion Project criteria¹. Union plans to proceed with these requests regardless of funding status, as other projects have been identified for which these rate approvals will be required and further delay in this proceeding will delay those future projects.

Should you have any questions on the above please contact me at 519-436-5473.

Yours Truly,

[Original signed by]

Karen Hockin
Specialist, Regulatory Initiatives

cc: Bill Wachsmuth, Union
Charles Keizer, Torys

¹ EB-2018-0142 Exhibit A, Tab 1, pp 24-32