



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

September 10, 2018

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Toronto, ON

Dear Ms. Walli:

**Re: EB-2018-0235 /EB-2016-0236 ENGLP/NRG Applications for Distribution Rates
Notice of Intervention of Vulnerable Energy Consumers Coalition (VECC)**

By way of this letter we are seeking intervention in EB-2018-0235 and our prudently incurred costs.

On August 28, 2018 VECC was notified by email of the Application of EPCOR for distribution rates for the EPCOR Natural Gas Limited Partnership (ENGLP). In the normal course we would simply file for intervention in this proceeding on the basis of our general and previous interests in this Utility.

However we are also a party in the ongoing proceeding of this Utility, previously known as Natural Resource Gas Limited (or 'NRG') under the docket EB-2016-0236 (the "Original Rates Application"). By letter of January 30, 2017 the Board approved NRG's request to put the Original Rates Application in abeyance pending the OEB's decision on an asset acquisition application by EPCOR. Approval for acquisition of the former NRG was granted by the Board on August 3, 2017 under the docket EB-2016-0351 (the "Acquisition Application").

In its EB-2016-0351 Decision the Board made note that:

VECC requested that the OEB make clear that EPCOR will be at risk in the rate proceeding for any amounts that may be determined to be unrecoverable as a result of the delay that the current application caused to the rate application.

In its reply argument, NRG submitted that all matters related to rates applicable to the NRG distribution system will be addressed during the rate proceeding, and will be decided on the basis of the evidence filed in that proceeding. With respect to the system integrity gas supply from NRG Corp., NRG submitted that the prudence of the costs that EPCOR pays to NRG Corp. will be assessed in future proceedings.

On April 24, 2018 NRG, now renamed ENGLP, wrote the Board expressing that it could not continue with the current rate application EB-2016-0236. On June 29, 2018 ENGLP again wrote the Board of its intention to file a new application. This Application was subsequently filed July 27, 2018 and given the docket EB-2018-0235 (the "New Rates Application"). The two rates applications are substantively different in that the former (EB-2016-0236) was based on a cost of service methodology whereas the New Rates Application is based on IRM rate setting methodologies.

To our knowledge the Board has made no final decision with respect to EB-2016-0236. Nor has the Board sought submissions with respect to whether rates should continue to remain interim. As a practical matter since the Original Rates Application was in the midst of the discovery costs have also been incurred by VECC.

As noted above VECC has argued in the Acquisition Application that deferral of the original rate application due to the change in ownership should not have negative consequences for ratepayers. In the event interim rates have now been in place now for almost 2 years. Given the normal timelines for an application such as this it will certainly be longer than that before new rates can be implemented.

While the issue of interim rates might be dealt with in the EB-2018-0235 it is also, in our view, an issue in the final dispensation of EB-2016-0236. We note that in its intervention request for EB-2018-0235 IGPC has also made submissions with respect to the consequence of the lengthy delay in setting final rates for this Utility. They have suggested an early issues and settlement conference to address certain outstanding issues. We agree that such a conference may be beneficial in finding a timely resolution of matters related to the lengthy delay in setting new rates for this Utility. Among the issues that we believe should be included in that settlement conference are the final disposition of the Original Application EB-2016-0236, the matter of the continuance of interim rates and, as suggested by IGPC, deferral and variance account dispositions.

Yours truly,

John Lawford

Counsel for VECC

EPCOR- Bruce Brandell: bbrandell@epcor.com

IGPC - Scott Stoll: sstoll@airdberlis.com