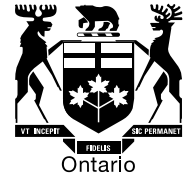


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BY E-MAIL

October 4, 2018

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
BoardSec@oeb.ca

Dear Ms. Walli:

**Re: OEB Staff Interrogatories
OM Limited Partnership
Application for Natural Gas Rate
OEB File No. EB-2018-0234**

Please accept OEB staff's interrogatories to the applicant in this proceeding.

Yours truly,

Original signed by

Ritchie Murray
Project Advisor

Cc (by email):

Scott Lewis, slewis@tributerresources.com
Randall E. Aiken, randy.aiken@sympatico.ca
Peter Budd, peterbbudd@rogers.com
Bill Blake, wblake@onenergy.ca
Patrick McMahon, pmcmahon@uniongas.com

**OM LIMITED PARTNERSHIP
APPLICATION FOR NATURAL GAS RATE
EB-2018-0234**

OEB STAFF INTERROGATORIES

Interrogatory #1

Ref: Exhibit 1, Tab 3, Schedule 1
Exhibit 1, Tab 5, Schedule 1

Preamble:

OMLP is a new distribution utility that will serve one customer, namely Maricann. The OMLP system was designed specifically to meet Maricann's demand requirements and service preferences at the new greenhouse facility. This rates application is in response to the need for a rate order in order to commence service to Maricann's new greenhouse facility. OMLP is not permitted to serve additional customers without first applying for and receiving approval of the OEB. OMLP is not seeking to serve any additional customers as part of this application.

Question:

Please confirm whether or not OMLP foresees it providing gas service to additional customers in the future using the facilities constructed to serve Maricann.

Interrogatory #2

Ref: Exhibit 1, Tab 3, Schedule 1

Preamble:

OMLP requested that the OEB make its Rate Order effective September 1, 2018. In the event that the OEB were unable to provide a Decision and Order by September 1, 2018, OMLP requested that the OEB declare the proposed rate interim, effective September 1, 2018.

The OEB issued an interim rate order effective September 19, 2018 (the day the order was issued).

Question:

When did OMLP begin providing gas service to Maricann's new greenhouse facility?

Interrogatory #3

Ref: Exhibit 1, Tab 3, Schedule 1

Preamble:

OMLP requests approval of an exemption in whole from the Affiliate Relationship Code for Gas Utilities.

Question:

Please confirm that OMLP is aware that if the OEB were to approve a request for an exemption in whole from the *Affiliate Relationship Code for Gas Utilities*, that such exception may no longer be applicable in the event that OMLP were to begin serving one or more additional customers.

Interrogatory #4

Ref: Exhibit 1, Tab 3, Schedule 1

Preamble:

OMLP requests approval of an exemption in whole from the Gas Distribution Access Rule.

Questions:

Please confirm that OMLP is aware that if the OEB were to approve a request for an exemption in whole from the *Gas Distribution Access Rule*, that such exception may no longer be applicable in the event that OMLP were to begin serving one or more additional customers.

Interrogatory #5

Ref: Exhibit 1, Tab 4, Schedule 1

Preamble:

OMLP owns a custody transfer meter site located at 138 8th Concession Road, Langton, Ontario.

Question:

Please confirm that the custody transfer meter site may also be called a “tie-in system” and that it provides dehydration, odourization, pressure regulation, volumetric measurement and other capabilities.

Interrogatory #6

Ref: Exhibit 1, Tab 5, Schedule 1

Preamble:

OMLP is requesting an exemption in whole from the Gas Distribution Access Rule, including the service quality requirements performance standards, measurements and reporting.

Questions:

- a) What, if any, reporting to the OEB does OMLP propose?
- b) If OMLP is proposing some form of reporting, what is the timing and frequency of that reporting?

Interrogatory #7

Ref: Exhibit 1, Tab 5, Schedule 1, page 4
Exhibit 10, Tab 1, Schedule 1

Preamble:

Z-factors and Y-factors would be available to OMLP subject to certain criteria and approval by the OEB upon any application that includes such factors.

Questions:

- a) Please provide examples of Z-factors OMLP believes could be applicable to its operations.
- b) Please provide examples of Y-factors OMLP believes could be applicable to its operations.

Interrogatory #8

Ref: Exhibit 2, Tab 1, Schedule 2

Preamble:

In its application for certificate of public necessity¹, OMLP stated the capital cost of the tie-in system was estimated to be \$205,000. In the same proceeding, in an interrogatory response², OMLP stated the capital cost of the pipeline along 8th Concession Road was estimated to be \$335,000. The total of these two values is \$580,000. In its current application, OMLP states that the asset value included in the rate base is \$680,981, an increase of approximately \$100,000 or 17%.

Question:

Please account for the difference between the estimated capital cost of \$580,000 and the asset value included in rate base of \$680,981.

Interrogatory #9

Ref: Exhibit 4, Tab 2, Schedule 1

Preamble:

OMLP has included \$40,000 amortized over five years as the cost associated with the current proceeding. OMLP has not forecast any other regulatory costs for the IR term.

Provincial legislation³ requires that there be a Franchise Agreement between the Municipal Corporation and the gas distributor serving customers in that Municipality in cases where the pipeline is located in public road allowance.⁴ In April 2001, the Ontario Energy Board issued the revised 2000 Model Franchise Agreement (MFA) to serve as a model for such agreement. The form of MFA must be approved by the OEB through a proceeding triggered by an application from the gas distributor.

Questions:

- a) Although OMLP has not forecast any other regulatory costs for the IR term, does OMLP anticipate any on-going OEB related fees? Please explain.
- b) Please confirm whether OMLP's new pipeline on 8th Concession Road, Langton, Ontario, is within the public road allowance.
- c) If the pipeline on 8th Concession Road, Langton, Ontario, is within the public road allowance, when does OMLP intend to file an MFA application?

¹ EB-2017-0289, OMLP application for certificate of public necessity, Section 6, page 9

² EB-2017-0289, OMLP response to OEB staff interrogatory #6

³ Municipal Franchises Act, 1990.

⁴ Gas Franchises Handbook, https://www.oeb.ca/documents/gas_franchise_handbook_230502.pdf

- d) In the event that an MFA application is required, would OMLP need to adjust its regulatory cost estimate, or can the existing budget accommodate the costs of that proceeding?

Interrogatory #10

Ref: Exhibit 4, Tab 2, Schedule 1
Exhibit 4, Tab 4, Schedule 1

Preamble:

OMLP filed evidence on its tax rates including federal and provincial income tax and municipal property tax.

Question:

If tax rates change, does OMLP propose to apply for 50:50 sharing with the customer? Please explain.

Interrogatory #11

Ref: Exhibit 5, Tab 2, Schedule 2

Preamble:

OMLP is requesting a return on equity of 9.00%.

Question:

Is OMLP proposing an ROE of 9% for the entire 5 years? Or, does OMLP anticipate that the OEB's deemed ROE will change and OMLP will update its revenue requirement? Please explain.

Interrogatory #12

Ref: Exhibit 8, Tab 1, Schedule 1

Preamble:

OMLP states that fluctuations within the capability of the distribution system do not materially impact any of the forecast costs. Similarly, fluctuations in the total annual volume of gas consumed by the customer do not have any material impact on any of the costs of the distribution system.

Questions:

- a) Is there a need for OMLP to provide load balancing services to Maricann?
Please explain.
- b) If load balancing services are required, please briefly explain how they will be accomplished.
- c) If load balancing services are required, how will Maricann be charged for the service?
- d) If load balancing services are required, what will be the cost to Maricann?