

January 15, 2020

VIA EMAIL: REGISTRAR@OEB.CA

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Long:

**Re: Potential Projects to Expand Access to Natural Gas Distribution;
Comments on Draft Guidelines
Ontario Energy Board Proceeding No. EB-2019-0255**

We are writing on behalf of the Corporation of the Town of Marathon in its own capacity and as the representative of the Township of Manitouwadge, Township of Schreiber, Township of Terrace Bay and the Municipality of Wawa (together, the “**Municipalities**”) in response to the Ontario Energy Board’s (the “**OEB**” or “**Board**”) letter dated December 19, 2019 in the above-captioned consultation, requesting comments on the draft guidelines attached as Appendix A thereto (the “**Draft Guidelines**”), their proposed timelines, and confidentiality matters.

In August, 2019, the Municipalities filed an application with the Board for regulatory approvals in respect of a proposed municipally-owned greenfield local gas distribution project (the “**Project**”) that will serve five communities located along the north shore of Lake Superior. The Board convened Proceeding EB-2018-0329 to hear and decide the application. The Municipalities’ Argument-in-Reply is due on January 20, 2020.

The Municipalities intend to explore Project funding opportunities that are being made available through the recently announced expansion of the funding program established under section 36.2 of the *Ontario Energy Board Act, 1998* and Ontario Regulation 24/19, *Expansion of Natural Gas Distribution Systems*. It appears that to be considered for funding, the Municipalities will be required to prepare a submission or application that complies with the final guidelines that are issued in this proceeding (the “**Final Guidelines**”). Accordingly, the Municipalities welcome the opportunity to comment on the Draft Guidelines and related matters.

The Municipalities have reviewed the Board’s December 19, 2019 letter and the Draft Guidelines and have the following comments:

- Flexibility for public-sector projects required: Certain of the information required by the Draft Guidelines could only be provided by established gas utilities, with existing service territories and customers. For example, municipally-owned greenfield utilities may not be able to provide information as to credit history or credit rating as is required by Part 2.2 of the Draft Guidelines.

This inability should not impair the funding eligibility of greenfield utilities, particularly those utilities that are located in northern Ontario, where lack of access to less expensive sources of energy is a significant barrier to economic development.

- Evidence of Access to Debt and Equity Markets: Part 2.2 of the Draft Guidelines requires the filing of evidence of the proponent's ability to access debt and equity markets should the proponent need to raise additional debt or equity to finance a proposed project. The Municipalities recommend that the Final Guidelines provide some specificity with respect to the type of evidence that would satisfy this requirement; for example, a comfort letter from a financial institution or the particulars of a negotiated credit arrangement.
- Rate Stability: In the view of the Municipalities, the requirement to commit to a period of rate stability should be decided on a case-by-case basis and not imposed as a generic requirement in the Filing Guidelines. Alternatively, the Filing Guidelines should include a provision that invites a proponent, as part of its submission, to explain the reasons why a requirement to commit to a period of rate stability may not be appropriate in the particular circumstances of that utility's project. This suggestion is made from the perspective of a greenfield, municipally-owned utility located in northern Ontario where providing access to natural gas comes with a set of unique risks and challenges that are not faced by incumbent utilities in southern Ontario. Where there is no incentive to overstate revenue forecasts or understate cost forecasts (for example, where there is no competition to secure a distribution franchise) or where ratepayers are also utility "investors," it may not be appropriate to mandate a long period of rate stability. This issue is best decided on a case-by-case, rather than on a generic basis.
- Comment on Timeline: The Municipalities have no comment on the Board's proposed 90-day timeline to file information pursuant to the Final Guidelines.
- Comment on Confidentiality: The Municipalities have not identified information required by the Draft Guidelines that would be confidential.

Yours truly,

Dentons Canada LLP

Original signed by Dennis Wong

Dennis Wong

cc: Daryl Skworchinski, *Corporation of the Town of Marathon*
Stephanie Ash, *Firedog Communications*
Helen Newland