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January 17, 2020

VIA RESS AND COURIER

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

Dear Ms. Long:

Re: EB-2018-0264 – EPCOR Natural Gas Limited Partnership (EPCOR) Southern Bruce Rate Application.

Industrial Gas Users Association (IGUA) Response to EPCOR Cost Claim Objection.

EPCOR has objected to the number of hours included in IGUA's cost claim on the basis that IGUA's hours for each of the settlement conference and argument phases of the hearing are notably higher than the hours claimed by VECC and SEC.

In respect of the settlement conference phase of the proceeding, additional time was spent by us relative to the representatives of the other parties as we were requested by the other parties, and did, take the lead in the negotiations. Review of the docket entries submitted in support of IGUA's Cost Claim validates this driver for IGUA's notably higher Settlement Conference related costs. We refer, for example, to the dockets dated August 21st, August 23rd, August 28th, August 29th, September 3rd, September 6th, and September 13th. Someone from among the intervenors would have done this. This time it was us.

In respect of all phases of this proceeding - interrogatory/hearing preparation, settlement conference (and preparation for it) and argument - IGUA was the only intervenor which focussed to any significant extent on EPCOR's proposed rates. This is understandable given that IGUA represented

EPCOR's two Rate 16 customers, whose rates were set expressly to cross-subsidize the other EPCOR rate classes. As VECC's and SEC's constituents belong to the rate classes being subsidized, it is completely understandable that they did not seek to challenge the rate setting approach put forward by EPCOR. In contrast, on behalf of IGUA and its two directly affected constituents it was our obligation to delve into details regarding EPCOR's cost allocation study and its relationship to EPCOR's rate setting proposal, and then contest that proposal, all as reflected in IGUA's interrogatories and Final Argument (see, for example, paragraphs 6 through 34 of IGUA's 42 paragraph argument). While IGUA's position was not, in the end, persuasive to the Hearing Panel, it was a legitimate and reasoned position which was clearly in the legitimate interests of those IGUA represents. We hope that understanding and our articulation of that position was of assistance to the Hearing Panel in its full and fair consideration of EPCOR's rate proposal. From IGUA's perspective, the opportunity to understand and articulate that position enables it to accept that the process was a sound one.

We note three additional considerations in response to EPCOR's objection:

1. As stated at the outset of IGUA's Final Argument, IGUA focussed its own substantive participation on only the two issues which directly and, in the case of the first of these issues (Issue 6: Cost Allocation and Rate Design) uniquely, affected IGUA's members in the South Bruce franchise area. This, we submit, was responsible participation, ensuring that costs incurred were constrained to the issues of direct, and in large measure unique, impact on IGUA's constituents.
2. This application was the first of its kind. There is no OEB precedent for setting regulated gas distribution rates for an entire customer base, expansion or otherwise, on an "ability to pay" basis, and no OEB precedent for setting rates for an expansion to an entirely new gas distribution franchise under the Board's recently articulated gas service expansion policy. It was in this context that IGUA sought to fully explore, and challenge, EPCOR's rate making proposal. Despite that challenge being unpersuasive to the Hearing Panel in the end, it was, in particular in this context, not only legitimate but, in light of that legitimacy, IGUA's obligation to its members to advance.
3. As far as we can recall the overall quantum of IGUA's cost claims for OEB interventions has never been challenged as unduly excessive. This fact is not, of course, determinative of IGUA's cost claim in this (or any particular) matter, but it does speak to IGUA's (and our own) track record of responsible participation in OEB proceedings over many years, and it should, it is respectfully submitted, inform the Board's consideration of EPCOR's objection and of the substance of this response to that objection.

EPCOR's objection is purely mathematical, without any discussion of, or challenge to, the substance of IGUA's interests and participation in this matter relative to the two intervenors to whom EPCOR compares IGUA's hours. Consideration and discussion of that substance is provided in this response. On behalf of IGUA we reiterate our request for IGUA's costs as claimed, on the basis that they were reasonably incurred in legitimate, thoughtful and responsible support of IGUA's members'

unique interests and participation in EPCOR's first and formative gas expansion rate application, and in furtherance of an effective process for resolution of this application.

Yours truly,



Ian A. Mondrow

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