

VIA E-MAIL

August 4, 2020

Ontario Energy Board
Attn: Ms. C. Long, Board Secretary
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto ON M4P 1E4

RE: EB-2019-0183 FRPO Comments to Decision on Cost Awards

We are consultants to the Federation of Rental-housing Providers of Ontario (“FRPO”) and are writing to the Board regarding the decision on cost awards for the combined proceedings of EB-2019-0183 and EB-2018-0244. As a long-time Intervenor in natural gas proceedings before the Board, FRPO is concerned that it did not have the opportunity to fully inform the Board of the details of its consultant’s involvement in this two-stage proceeding before the Board determined that some time spent in Interrogatory preparation was “excessive” and in Argument preparation “exceeded the Board’s expectations”. We offer this communication for the Board’s consideration of our views for future reference. To be clear, we are not asking that this letter form the basis for a motion to review.

FRPO’s Strives to Assist the Board

FRPO has been serving the Board for approximately 12 years. In doing so, we understand our role in assisting the Board by providing insight and a voice to our members concerns. We respect that diligence in these areas contributes to the Board’s decision-making in the public interest.

Representatives Provide Diverse Expertise Applied Proportionally to Proceedings

We believe that the diversity of ratepayer representatives is a benefit to the Board and the public interest. This diversity results in specific representatives investing more time on different matters upon the issues in front of the Board. In some proceedings, there is a reliance of some representatives on the discovery and potentially the argument of other intervenors. The result is a varied level of total hours invested among intervenors which actually is an efficiency that the Board is seeking. However, sometimes this puts those highly invested representatives in negative light as being an outlier when compared to the rest of the group.

FRPO's Representative Provides Applied Natural Gas Utility Experience

In FRPO's case, our prime representative at DR QUINN & ASSOCIATES LTD. has an engineering and business background with over twenty years of working in and ten years of leading a natural gas utility. In addition, that representative has over a dozen years of consulting for public and private utilities, inside and outside of Ontario. This extensive background in natural gas allows for insight into natural gas matters and this focus results in rare interventions in electricity matters unless there are broader policy implications.

FRPO's Involvement in a Complex Two-Phase Proceeding

In the initial application, legacy Union Gas proposed a new M17 rate to serve the new franchise area of South Bruce. The opportunity to distribute gas in South Bruce was secured by EPCOR after a contested battle with Union Gas ultimately determined by OEB proceedings. These proceedings set out a framework for the opportunity for new entrants in Ontario to provide natural gas to unserved areas. FRPO's requested intervention in the initial M17 proceeding was opposed by Union Gas. The Board approved our requested intervention affirming our concerns regarding the potential ratepayer impact of undue barriers that could be proposed by a host utility on prospective competitors¹.

After withdrawal of the initial application, the second application expanded the scope to include the reinforcement project proposed to meet the demands of new service area along with other in-franchise demands. The dual purpose of service to the new franchise and system reinforcement created the complexity associated with proper cost allocation between EPCOR and ratepayers in addition to appropriate pipe sizing. These matters increased the already significant scope of appropriate rate design for the new service area. Beyond the testing of the proposed distribution rate, the determination of the proper mechanisms for storage allocation and load balancing tested the application of the NGEIR proceeding from the previous decade. The complexity associated with these issues, some novel to Ontario, required enhanced understanding through discovery. FRPO was the only cost eligible intervenor to submit interrogatories in both proceedings resulting in the hours submitted through the request for cost award.

FRPO Representative's Experience Applied Multiple Perspectives in EB-2019-0183

Given our natural gas utility experience, in EB-2018-0244, FRPO strived to understand the need for and equity of the M17 rate. This approach sought equitable recovery of costs for ratepayers while applying our perspective as a hypothetical utility entrant to ensure that the ratemaking did not construct undue barriers to new entrant. This balance of perspectives and utility experience were further applied in EB-2019-0183 in assessing the pipeline expansion and resulting costs and the proposition to apply daily load-balancing costs to advocate for equitable outcomes for the Ontario market². Viewing the application from multiple

¹ EB-2018-0244 Procedural Order No. 1, page 2

² FRPO performed pipeline calculations and researched load balancing and host/LDC's in other jurisdictions

perspectives and applying our experience contributed to our discovery hours being higher than the average. Further, some of our hours invested and categorized under argument was time invested in discussions with other intervenors including representation from the new entrant utility EPCOR. This investment was made to understand their perspectives and help them with ours to better inform our respective submissions. We believed that the time spent in performing these tasks in this particular case was not exceeding the bounds of reasonableness.

Conclusion

We trust the above summary will be helpful to the Board in understanding the hours applied for in our cost award. We note that, in the recent Cost Award decision in EB-2019-0194, the Board expresses an expectation that intervenors are to explain why time spent in certain categories of activities are unusually high. Allowing an opportunity to explain such differences is fair.

We will seek additional understanding through staff as to how this type of additional detail should be submitted and how the submissions would be handled procedurally. Future procedural orders may have to allow a brief period following the filing date for intervenor cost claims to allow particular intervenors to determine whether their time spent in any category is unusually high compared to others.

Respectfully Submitted on Behalf of FRPO,

Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

- c. EGIRegulatoryProceedings – EGI
Interested Parties EB-2019-0183
T. Irwin, A. Allen – FRPO