VIA OEB PORTAL **REDACTED**

June 27, 3025

Ontario Energy Board
Attn: Mr. Ritchie Murray, Acting Board Registrar
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto ON M4P 1E4

RE: EB-2024-0111 – EGI Rate Rebasing – Phase 2
FRPO Response to EGI Objection

We are writing on behalf of the Federation of Rental-housing Providers of Ontario ("FRPO") in response to the EGI cost claim objection letter filed June 20th.[1] In the letter, EGI notes that we had the highest number of hours claimed and questions the amount of discovery invested in the proceeding. While EGI offers an acknowledgment, in our view, the statement is a diversion from what the company knows are the real issues that they know full well. While we outlined our role in the cover submitted with our cost claim,[2] we will detail further our efforts to assist the Board in its determinations which we respectfully submit would lead to the Board's approval of our cost claim in full.

Mitigating Cost of Load Balancing for Ratepayers was FRPO Primary Purpose

Storage design, operation and cost allocation are complex issues. The regulatory approach has evolved over the time since NGEIR. However, over the last 10 years, both the legacy utilities and the merged company have benefitted greatly, making exorbitant profits, from the non-utility margins that were generated through assets that existed at the outset of the respective deferred rebasing periods and enhancements made through investment during that period. Through that period, FRPO made several requests for information to understand the forecasted allocation of these investments due to concerns that there was a bias toward utility rate base versus shareholder funding.

The primary focus of our efforts in this proceeding was reducing the cost of storage for ratepayer. As provided in our cover letter, FRPO led the pursuit of reasonable outcomes for ratepayers from storage post-NGEIR and the last rebasing. As noted in our very first interrogatory in this proceeding, post-NGEIR, Union Gas had sought to not only expense the cost of long-term storage contracts but also provide a return to its shareholders for assets that the shareholder did not own. In essence, in its decision, the Board denied a double-dipping

[1] EGI_Ltr_Cost Claims_Phase 2_20250620
[2] FRPO_CVR_COST CLAIM_20250612

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which had not been made evident in the allocation of storage margins between ratepayers and shareholders prior to regulatory filings to the Board.[3]

To establish the need for change, FRPO pursued an evidentiary basis to assist intervenors' shared understanding of the issue and to prepare to make our case, if required, to the Panel. The resulting shared understanding contributed to the parties being able to settle the issue resulting in substantially reduced capital into rate base through adjustment of the Dawn to Corunna project and a more balanced and transparent allocation methodology moving forward.[4] Due to the nature of the settlement process, we cannot outline all our efforts. We can state that over 40% of our interrogatories and a substantial amount of our technical conference was focused on the issue of storage capital allocation.

FRPO Sought Evidentiary Basis for Risk-Informed Load Balancing Alternatives

EGI's asserted concerns regarding our discovery includes a red herring that "EGI acknowledges that FRPO took a leading role in the discovery of **gas-supply related issues"**. In our view, that statement seems to suggest that we asked a lot about gas supply that could be argued would or should be asked in the gas supply proceeding. To clarify for the Board, our discovery regarding purchasing gas at Dawn at a fixed price was to establish an evidentiary basis to use this Load Balancing approach instead of buying more market-based storage.

One of the most important benefits of storage is to assist the utility in managing risk related to the significant demand differences between summer and winter otherwise referred to as Load Balancing. In previous decades, storage was needed as a repository to allow the utility to keep pipeline capacity full - especially long-haul TCPL contracts- to avoid Unabsorbed Demand Charges (UDC). Since NGEIR and even more during the deferred rebasing period, both legacy utilities and the merged company moved their sources of gas to the east, reducing long-haul contracts. The gas purchased at Dawn during the winter is a direct substitute for storage.

The issue that FRPO was pursuing was not traditional Gas Supply issues but the optimization of Load Balancing by replacing market-based storage, significantly owned by the shareholder, with gas delivered at Dawn in the winter at a price that was fixed prior to winter. Additional winter purchases of gas at Dawn will impact the Gas Supply plan but in a very minimal way. However, the approach will save ratepayer cost. In understanding this approach, FRPO first sought evidence to demonstrate the impact in 2017 but had been thwarted.[5]

FRPO's investment in discovery was seeking the evidentiary to create a shared understanding with the intervenor group and, if required, to demonstrate our views to a Board panel. The

[3] EB-2011-0038, OEB Decision and Order, pp. 25 – 30, January 20, 2012
[4] Exhibit N, Tab 1, Schedule 1, pg.
[5] EB-2017-0086 Exhibit N1, Tab 1, Schedule 1, pg. 15

evidence elicited in the proceeding demonstrated that winter purchases at Dawn were more economic than market-based storage. EGI had ICF produce a report to support the purchase of an additional 10 PJ of market-based storage **over and above current total storage space**.[6] The result of the intervenors' shared understanding allowed the parties to settle the issue of the quantity of market-based storage at 8 PJ **less than current total storage space**.[7]

EGI has objected to the amount of time FRPO has invested in discovery. Again, due to the nature of the settlement process, we specify efforts and how the evidence was helpful, but we can state that about 30% of our interrogatories and a significant amount time of our technical conference investment of time focused on this issue. FRPO would like to point out that the entire investment of 153 hours of discovery objected to by EGI has a cost that was less than ***x/x*** of the estimated cost EGI paid to ICF for its involvement in providing support for EGI's proposed **increase** in purchase of market-based storage.[8] Further, the total cost claims for all intervenors[9] are less than ***x/x*** of the estimated costs paid to EGI's consultants in support of their proposals.[10] In our respectful submission, ratepayers should be able to resource their representation to ensure that the Board hears the voice of those paying all of the resulting costs.

Conclusion

Thank you for the further opportunity to clarify our role in the successful negotiation of improved outcomes for ratepayers than the application requested and the deferred rebasing period had been providing. Should the Board be assisted by further information or have questions, we remain available to assist and respond.

Respectfully Submitted on Behalf of FRPO,

Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

c. EGI Regulatory, Interested Parties in EB-2024-0111 (redacted only)

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[6] Exhibit 4, Tab 2, Schedule 1, Attachment 1
[7] Exhibit N, Tab 1, Schedule 1, pg. 23-24, 27
[8] Exhibit I 1.1-SEC-1, Attachment 1, Page 27
[9] EGI_Ltr_Cost Claims_Phase 2_20250620, Table 1
[10] Exhibit I 1.1-SEC-1, Attachment 1 - Redacted consultant cost NOT INCLUDING THIRD-PARTY LEGAL