



uniongas

A Spectra Energy Company

August 23, 2013



VIA COURIER

TO: *ALL Clerks of Municipalities*

Union Gas filed an application with the Ontario Energy Board ("the Board") on July 31, 2013 seeking approval for a multi-year Incentive Regulation Mechanism that will be used to set Union's regulated distribution, transportation and storage rates over the 2014 to 2018 period.

Enclosed is a copy of the application, as well as a copy of the Notice of Application in English and in French issued by the Board on August 14, 2013 under Docket No. EB-2013-0202.

Yours truly,

Chris Ripley
Manager, Regulatory Applications

Encl.

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule. B);

AND IN THE MATTER OF an Application by Union Gas
Limited for an order or orders approving an incentive rate
mechanism to determine rates for the distribution and
transmission and storage of gas effective January 1, 2014;

APPLICATION

1. Union Gas Limited ("Union") is a business corporation, incorporated under the laws of Ontario, with its head office in the Municipality of Chatham-Kent.
2. Union conducts an integrated natural gas utility business that combines the operations of selling, distributing, transmitting and storing gas within the meaning of the *Ontario Energy Board Act, 1998* (the "Act").
3. Union hereby applies to the Ontario Energy Board ("OEB"), pursuant to section 36 of the Ontario Energy Board Act, 1998 (the "Act") for an order approving a multi-year incentive rate mechanism ("IRM") to determine rates for the regulated distribution, transmission and storage of gas effective January 1, 2014. Union seeks an IRM pursuant to a comprehensive Settlement Agreement between stakeholders and Union:
 - (a) which applies to the base rates approved by the OEB commencing January 1, 2013 in EB-2011-0210, as adjusted to reflect the upfront productivity commitment of \$4.5 million and the annual \$3.152 million increase related to deferred taxes over the IRM term;

- (b) in which the annual rate escalation is limited by a price cap index ("PCI"), where PCI growth is driven by an inflation factor ("GDP IPI FDD"), less a productivity factor of 60% of GDP IPI FDD;
 - (c) which exists for a 5 year term ending December 31, 2018;
 - (d) which has a provision for earnings sharing;
 - (e) which continues to pass-through routine gas commodity and other costs;
 - (f) which allows for non-routine cost adjustments for matters outside of the utility's control, including criteria for non-discretionary capital projects; and
 - (g) which maintains the existing level of service to customers.
4. Union also applies for an order to establish the following deferral accounts effective January 1, 2014:
- Normalized Average Consumption Deferral Account (179-XXX)
 - Tax Variance Deferral Account (179-XXX)
 - Unaccounted for Gas ("UFG") Volume Variance Deferral Account (179-XXX)
5. Union also applies to the OEB for such interim orders approving interim rates and accounting orders as may from time to time appear appropriate or necessary.
6. Union further applies to the OEB for all necessary orders and directions to provide for pre-hearing and hearing procedures for the determination of this application.
7. This application is supported by a comprehensive settlement agreement and supporting reports.

8. The persons affected by this application are the customers resident or located in the municipalities, police villages and First nations reserves served by Union, together with those to whom Union sells gas, or on whose behalf Union distributes, transmits or stores gas.

It is impractical to set out in this application the names and addresses of such persons because they are too numerous.

9. The address of service for Union is:

Union Gas Limited
P.O. Box 2001
50 Keil Drive North
Chatham, Ontario
N7M 5M1
Attention: Chris Ripley
Manager, Regulatory Applications

Telephone: (519) 436-5476

Fax: (519) 436-4641

- and -

McCarthy Tetrault LLP
Suite 5300, TD Bank Tower
P.O. Box 48
66 Wellington Street West
Toronto, Ontario
M5K 1E6
Attention: George Vegh

Telephone: (416) 601-7709

Fax: (416) 868-0673

DATED: July 31, 2013

UNION GAS LIMITED

ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF UNION GAS LIMITED

**Union Gas Limited has applied for a multi-year rate setting mechanism.
Learn more. Have your say.**

Union Gas Limited has applied to the Ontario Energy Board for a multi-year Incentive Regulation Mechanism that will be used to set Union's regulated distribution, transportation and storage of gas rates over the 2014 to 2018 period. Under the proposal residential Customers of Union Gas in the Southern service area would see an increase of approximately 0.3% in their average annual bill while customers in the North would see a 0.2% decline in their average annual bill during the 5 year period. Other customers, including businesses, may be affected as well.

THE ONTARIO ENERGY BOARD WILL HOLD A PUBLIC HEARING

The proposed incentive rate mechanism parameters have been established through a comprehensive Settlement Agreement (the "Agreement") between Union Gas Limited and the ratepayer groups that participated in Union's last rates hearing. The Agreement establishes the formula for setting Union's rates for a five year period starting January 1, 2014 based on an annual adjustment tied to inflation less a productivity factor.

The Agreement will be presented to the Board at a public hearing. At this time, any other interested parties will be able to present any questions or concerns. At the end of this hearing, the OEB will decide whether to accept all or part of the Agreement.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process. You can:

- review Union Gas Limited's application on the OEB's website now.
- sign up to observe the proceeding by receiving OEB documents related to the hearing.
- file a letter with your comments, which will be considered during the hearing.
- become an active participant (called an intervenor). Apply by **September 10, 2013** or the hearing will go ahead without you and you will not receive any further notice of the proceeding.
- at the end of the process, review the OEB's decision and its reasons on our website.

LEARN MORE

The application relates to Union Gas Limited's rate setting approach for the 2014-2018 period. Our file number for this case is EB-2013-0202. To learn more about this hearing, find instructions on how to file letters or become an intervenor, or to access any document related to this case please enter that file number at the OEB website: www.ontarioenergyboard.ca/notice. You can also phone our Consumer Relations Centre at 1-877-632-2727 with any questions.

ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. Union Gas Limited has applied for an oral hearing. The OEB will determine at a later date whether to proceed by way of a written or oral hearing.

PRIVACY

If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and email address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.

This rate hearing will be held under section 36 of the Ontario Energy Board Act, S.O. 1998 c.15 (Schedule B).



AVIS DE LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO AUX CLIENTS DE UNION GAS LIMITED

**Union Gas Limited a déposé une demande pour un mécanisme de tarification pluriannuel.
Apprenez-en plus et donnez votre avis.**

Union Gas Limited a déposé une demande à la Commission de l'énergie de l'Ontario pour adopter un mécanisme de régulation incitatif pluriannuel qui serait utilisé pour établir les tarifs de distribution, de transport et de stockage de gaz naturel sur la période de 2014 à 2018. Avec l'adoption de cette proposition, les consommateurs résidentiels de Union Gas dans le secteur de service sud verraient leur facture annuelle moyenne augmenter d'environ 0,3 %, tandis que les consommateurs du secteur de service nord verraient leur facture annuelle moyenne diminuer d'environ 0,2 % au cours de ces cinq années. Les autres types de clients, y compris les entreprises, pourraient également être concernés.

LA COMMISSION DE L'ÉNERGIE DE L'ONTARIO VA TENIR UNE AUDIENCE PUBLIQUE

Les paramètres de cette proposition de mécanisme de tarification incitatif ont été établis au moyen d'un règlement extrajudiciaire (le « règlement ») entre Union Gas Limited et les groupes de contribuables qui ont participé aux dernières audiences sur la tarification de Union. Le règlement énonce la formule servant à établir les tarifs pour une période de cinq ans à compter du 1^{er} janvier 2014, selon un rajustement annuel calculé en fonction de l'inflation auquel on soustrait un facteur de productivité.

Le règlement sera présenté à la Commission à l'occasion d'une audience publique. Toute autre partie intéressée pourra alors poser ses questions ou faire part de ses préoccupations. À l'issue de cette audience, il appartiendra à la CEO d'accepter ou non l'ensemble ou une partie de ce règlement.

La Commission de l'énergie de l'Ontario est une agence publique indépendante et impartiale. Les décisions que nous prenons visent à servir au mieux l'intérêt public. Notre objectif est d'encourager le développement d'un secteur de l'énergie efficace et financièrement viable afin d'offrir des services énergétiques fiables à un prix raisonnable.

INFORMEZ-VOUS ET DONNEZ VOTRE AVIS

Vous avez le droit d'être informé au sujet de cette demande et de participer au processus. Vous pouvez :

- examiner la demande de Union Gas Limited sur le site Web de la CEO dès maintenant;
- assister à la procédure en vous inscrivant pour recevoir les documents de la CEO relatifs à l'audience;
- déposer une lettre de commentaires, lesquels seront pris en compte au cours de l'audience;
- devenir participant actif (« intervenant »). Inscrivez-vous avant le **10 septembre 2013**, faute de quoi l'audience aura lieu sans votre participation et vous ne recevrez plus d'avis dans le cadre de la présente affaire;
- examiner la décision de la CEO à l'issue de la procédure, ainsi que ses justifications, sur notre site Web.

APPRENEZ-EN PLUS

Cette demande concerne la méthode de tarification de Union Gas Limited pour la période 2014-2018. Notre numéro de dossier pour cette affaire est EB-2013-0202. Pour en savoir plus sur cette audience, apprendre comment déposer une lettre, devenir intervenant ou accéder à tous les documents relatifs à cette affaire, saisissez ce numéro de dossier sur le site Web de la CEO : www.ontarioenergyboard.ca/notice. Pour toute question, vous pouvez également communiquer avec notre centre des relations avec la clientèle au 1-877-632-2727.

AUDIENCES ORALES ET AUDIENCES ÉCRITES

Il existe deux types d'audiences à la CEO : les audiences écrites et les audiences orales. Union Gas Limited a demandé une audience orale. La CEO décidera ultérieurement de traiter l'affaire par voie d'audience orale ou écrite.

PROTECTION DES RENSEIGNEMENTS PERSONNELS

Si vous écrivez une lettre de commentaires, votre nom et le contenu de cette lettre apparaîtront dans le dossier public et sur le site Web de la CEO. Cependant, votre numéro de téléphone personnel, l'adresse de votre domicile et votre courriel n'y apparaîtront pas. En revanche, si vous représentez une entreprise, tous les renseignements de l'entreprise resteront publics. Si vous vous inscrivez pour agir à titre d'intervenant, tous vos renseignements seront rendus publics.

Cette audience sur les tarifs sera tenue en vertu de l'article 36 de la Loi de 1998 sur la Commission de l'énergie de l'Ontario, L.O 1998, chap. 15 (annexe B).



Ontario Energy Board / Commission de l'énergie de l'Ontario