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March 16, 2010

Kirsten Walli, Board Secretary
ONTARIO ENERGY BOARD
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E5

Dear Ms. Walli:

Re: EB-2010-0048: Enbridge Gas Distribution Inc.'s (EGD) April 1, 2010 QRAM Application.

Comments of the Industrial Gas Users Association (IGUA).

We write as legal counsel to IGUA.

IGUA's advisors, Aegent Energy Advisors Inc. (Aegent), have reviewed EGD's Application for quarterly adjustment of rates (QRAM) to be effective April 1, 2010.

Based upon Aegent's advice, IGUA is satisfied that EGD has properly followed the QRAM methodology approved by the OEB in its EB-2008-0106 Decision, and has no objection to the rates proposed for implementation as of April 1, 2010.

In this application EGD also seeks to:

1. Implement the Final Rate Order approved by the Board in EB-2009-0172 (the 2010 IRM adjustment decision), which includes the Revenue Adjustment Rider to capture the revenue variance resulting from the difference in rates that have been charged from January 1, 2010 to March 31, 2010 and the final EB-2009-0172 rates.
2. Clear the 2008 deferral account balances pursuant to the Board's direction in the EB-2009-0055 Supplementary Decision and Order dated January 6th, 2010.

3. Clear the commodity portion of the Purchase Gas Variance Account (PGVA) balance as of April 1, 2010, in accord with the Board's September 18, 2009 Decision and Order in EB-2008-0106 (the QRAM methodologies decision).

Based on Aegent's review and advice, IGUA is satisfied that these additional proposed adjustments have been appropriately applied.

EGD's evidence indicates that it is not currently in a position to administer the billing of riders for the load balancing and transportation components of the PGVA. For the April 1, 2010 QRAM the balances in EGD's PGVA for load balancing and transportation are relatively small (approximately \$778,000 and \$86,000, respectively). EGD is thus proposing to carry the load balancing and transportation components of the PGVA balance forward for clearance in the next QRAM. In light of the small load balancing and transportation PGVA balances, IGUA does not object to this proposal.

In respect of these load balancing and transportation balances, however, IGUA's advisors raised a question with EGD personnel regarding calculation of the allocation percentages for peaking supply costs for the various rate classes. In particular, it was unclear how the percentages found at column 2 of page 14 of Ex. Q2-3/T4/S8 were derived, with reference to the allocation factors provided at Ex. Q2-3/T3/S4.

IGUA understands that EGD, in its reply submissions herein, will:

- (a) Confirm that the allocation percentages used in Ex. Q2-3/T4/S8, pages 11 to 16 are derived from the volumetric allocation factors for each rate class as recorded in Ex. Q2-3/T3/S4.
- (b) Verify the allocation percentages for peaking supplies as shown at Ex. Q2-3/T4/S8, page 14.

Costs.

Pursuant to the Board's *Practice Direction on Cost Awards*, IGUA is eligible to apply for a cost award as a party primarily representing the direct interests of ratepayers in relation to regulated gas services. IGUA requests that the Board award it costs reasonably incurred in review of EGD's QRAM.

IGUA reviews QRAM applications as a matter of course, in order to properly discharge its mandate and responsibility to protect its members' interests in respect of gas regulatory matters, including appropriate application of the Board approved quarterly rate adjustment mechanism. Where warranted, IGUA offers comment on the form or substance of the gas distributors' QRAM applications, as it has in this instance.

IGUA has, in the past, been awarded modest costs for review of QRAM applications. In making such awards IGUA respectfully submits that the Board has recognized some value (commensurate with modest costs) in the independent and informed review of such applications that IGUA provides.

IGUA continues to be mindful of the need for efficiency in its regulatory interventions, in particular in respect of relatively non-contentious matters such as is normally the case with QRAM applications. For QRAM reviews, IGUA has retained Aegent, whose professionals are expert in Ontario gas commercial and regulatory matters, including rate matters in particular. Aegent conducts a review of the QRAM application as filed, and provides a report to IGUA. Provided that Aegent's report does not indicate any concerns with either the application of the QRAM protocols or the rate outcome, IGUA is in a position to advise the Board that it has no cause for objection. Subject to the question raised by IGUA in respect of allocation factors for PGVA balance components to be deferred for recovery through the next QRAM adjustment, that is the case in respect of the instant application.

IGUA submits that it has acted responsibly with a view to informing the Board's review and decision on this application, while maintaining due attention to cost efficiency. On this basis, IGUA is requesting recovery of its costs for participation in this process.

Sincerely,

MACLEOD DIXON LLP



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- c. Murray Newton, IGUA
- Tanya Persaud, Counsel, EGD
- Norm Ryckman, EGD
- Valerie Young, AEGENT ENERGY ADVISORS
- Interested Parties

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