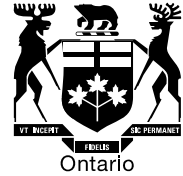


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BY E-MAIL ONLY

February 2, 2009

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Commodity pricing, load balancing and cost allocation methodologies for
natural gas distributors
Board File No.: EB-2008-0106**

Pursuant to Procedural Order No. 2, please find enclosed Board Staff's interrogatories on the evidence submitted by the Gas Marketer Group (Direct Energy Marketing Limited, Ontario Energy Savings L.P. and Superior Energy Management Gas L.P.) in the above proceeding.

Yours truly,

Original signed by

Rudra Mukherji

cc: All Parties in EB-2008-0106

Interrogatories from Board Staff

INTERROGATORY # 1

Ref: Gas Marketer Group Evidence Submission (Exhibit E8, E14, E19), page 15

Preamble: The Gas Marketer Group is proposing to move from the current Board approved quarterly rate adjustment mechanism to a monthly rate adjustment mechanism. The evidence states, "With this methodology, the reference price more closely matches the monthly index price, allowing customers to make informed decisions with respect to consumption and service provider."

- i. Have the members of the Gas Marketer Group either individually or as a group, undertaken market research studies to assess if Ontario natural gas consumers would be assisted in their decision with respect to consumption and service provider with a monthly rate adjustment mechanism? Please file the supporting studies and the results of the research if available.
- ii. Please explain how prices that would fluctuate on a monthly basis would assist customers to evaluate existing longer term supply options such as a 3 or 5 year contract with a retailer at a fixed price.

INTERROGATORY # 2

Ref: Gas Marketer Group Evidence Submission (Exhibit E8, E14, E19), page 4

The evidence states, "... Furthermore, the long lead time to calculate the QRAM, plus the 3 month nature of the price leads to an exaggerated need of deferral accounts, further distorting the price charged to system customers from the wholesale market price paid by utilities". [Emphasis added]

Please explain how would the proposed monthly rate adjustment mechanism eliminate or reduce the reliance on deferral accounts.

INTERROGATORY # 3

Ref: Gas Marketer Group Evidence Submission (Exhibit E8, E14, E19), page 15

Preamble: The calculation of the Alberta default supply price or Gas Cost Flow-through Rate (GCFR) provided by Direct Energy Regulated Services (DERS) involves a six-step process.

- i. In a manner similar to the evidence filed by Enbridge at Exhibit E1, page 41, Table 1, please describe the services offered by DERS to sales and direct purchase customers, where applicable, as it relates to commodity, transportation, and load balancing.
- ii. Please indicate whether the GCFR includes the forecast costs of gas acquired for commodity and load balancing.
- iii. Please describe the means used by DERS to provide load balancing services to sales and direct purchase customers (if applicable). Does DERS use storage to provide load balancing?
- iv. If DERS uses storage for load balancing, please describe the treatment of storage costs from both an accounting and regulatory standpoint.
- v. Please describe the daily delivery obligations and the treatment of delivery imbalances (i.e. banked gas account) for direct purchase customers.
- vi. Were Enbridge to adopt a methodology similar to the GCFR, how does the Gas Marketer Group propose that Enbridge deals with load balancing costs and price variance attributable to direct purchase customers?

INTERROGATORY # 4

Ref: Gas Marketer Group Evidence Submission (Exhibit E8, E14, E19), page 22

Preamble: The evidence states that “It is questionable as to whether customers are aware of this fact, and if so, would they be accepting of a continual over charging of rates that is returned to them months later without the benefit of interest?”

Given that deferral and variance accounts accrue interest at the prescribed short term interest rate, please clarify the above statement?

INTERROGATORY # 5

Ref: Gas Marketer Group Evidence Submission (Exhibit E8, E14, E19), page 15

Preamble: The evidence provides the methodology and supporting schedules used in the calculation of the Alberta default gas supply price or Gas Cost Flow-through Rate as done by Direct Energy Regulated Services.

Please clarify whether in Alberta Direct Energy offers both a regulated and an unregulated natural gas supply service.