

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

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an order or orders approving the clearance or disposition of amounts recorded in certain deferral or variance accounts.

**Submissions of
the
School Energy Coalition**

1. These are the submissions of the School Energy Coalition ("SEC") in the application by Enbridge Gas Distribution ("EGD") for an order approving the clearance or disposition of amounts recorded in certain deferral or variance accounts.
2. SEC's sole submission with respect to the amounts to be cleared is in regard to the Ontario Hearing Costs Variance Account. That account shows a variance, from the forecasted level, of \$2,252,100. The forecast level, \$5,842,500, was reduced by \$3,000,000 from the baseline regulatory cost budget. As it turned out, however, EGD's legal and consulting costs were significantly higher than the forecasted amount, even though intervenor costs and costs of other proceedings were significantly lower. [see C-1-6, p. 1]
3. EGD was asked in an interrogatory to explain the \$993,000 in consultant's costs in 2008. These are made up primarily of \$841,000 paid to The Brattle Group. Although the response does not break down the costs by matter, it appears that the bulk of the costs were related to events which took place in 2007. For example, EGD states that the services received "included the productivity study and evidence in relation to the Incentive Regulation ...proceeding and management, analysis, and support within the CIS and Open Bill Consultatives and Regulatory Cost Allocation Methodology process." [Exhibit I-6-9]
4. It seems the work for most of these initiatives would have been done in 2007 and therefore SEC questions whether the costs have been properly allocated to 2008.
5. As the record on this issue is not clear SEC invites EGD to comment on it in its reply submissions.

Cost Allocation

6. SEC agrees with BOMA's submission regarding the appropriate allocator to be used to allocate the Earnings Sharing Mechanism Deferral Account ("ESMDA").

7. However, SEC notes that it appears from the allocation table provided at Exhibit C-2-2, p. 3 that the difference between the two allocators is likely immaterial in this particular case. For example, of the total balance in the ESMDA of \$5,8240.4K, the amount currently allocated to Rate 1 using the Distribution Revenue Requirement allocator is \$3,917k (C-2-2, p. 3, Col. 7, Row 1.1). Using the Rate Base method proposed by BOMA, the amount would be \$3,899k.¹

All of which is respectfully submitted this 16th day of June, 2009.

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¹ Using the same percentage allocation for Rate 1 in Column 10 (Rate Base Allocator) and applying that percentage (66.9%) to the total in Column 7 (\$5,820.4K) yields an allocation to Rate 1 of \$3,899K, versus the current allocation of \$3,917.4K.