

December 16, 2009

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

Dear Ms. Walli:

Re: EB-2009-0398 - Enbridge Gas Distribution Inc.'s (EGD) January 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 January 1, 2010, and clarified directly with EGD one of the proposed rate changes. As a result of their review and clarification of the Application materials, Aegent has advised IGUA that Aegent is satisfied that EGD's application follows the OEB approved QRAM methodology, including the changes required as a result of the OEB's EB-2008-0106 Decision in the Commodity Pricing Review.

IGUA has no objection to approval of EGD's application as filed.

Clearance of 2008 Deferral and Variance Accounts.

IGUA does wish to comment on EGD's updated advice to the Board regarding clearance of its approved 2008 deferral and variance account balances [pursuant to the Board's decision in EB-2009-0055].

EGD had adjusted its October 1, 2009 QRAM application [EB-2009-0309] to defer clearance of the 2008 deferral and variance accounts, pending cut-over to its new CIS system (EGD letter dated September 2, 2009 referencing EB-2009-0309 and EB-2009-0055). EGD's proposal was to delay account clearance based on historical consumption data pending a smooth switchover to its new CIS system and addressing problems with that cutover should they arise. At the time of its October 1, 2009 QRAM filing EGD anticipated clearance of the 2008 accounts in January and February of 2010. The Board granted EGD's clearance deferral request and directed that EGD report no later than at the time of its filing for the January 1, 2010 QRAM on the advisability and proposed timing of the clearances of the 2008 accounts. [EB-2009-0055, *Supplementary Decision and Order*, September 17, 2009].

By letter dated December 11, 2009 and filed with the Board coincident with the instant QRAM application EGD indicates that "*the circumstances remain as described in the attached letter of September 2nd*". EGD proceeds to advise of its conclusion to further defer the clearance of the 2008 accounts, and indicates in respect of 2008 account clearance that it now anticipates that clearance will coincide with its April 1, 2010 QRAM application.

By a September 10, 2009 letter of submission in the 2008 deferral and variance account proceeding [EB-2009-0055] IGUA expressed its endorsement for the principle that recovery of amounts deferred from previous periods should be accomplished as close in time to the period deferred from as possible. This supports better price signals for customers. At the same time, IGUA assumed the veracity of EGD's representations regarding the logistics of its CIS cutover, and agreed that deferral of the recovery of the 2008 account balances to January and February of 2010 would be preferable to increasing the risk of billing errors during the CIS cutover.

IGUA remains concerned with deferral by EGD of recovery of 2008 deferral and variance account balances. IGUA notes that EGD has provided no information in its December 11, 2009 letter as to the reasons for the delay beyond that initially anticipated, nor of the prognosis for resolution of the CIS issues that EGD is presumably still concerned with. IGUA submits that EGD should provide the Board with additional information to support its further deferral request in its reply submissions herein. IGUA further submits that EGD should specifically address what issues have arisen with the cutover, and the basis for its current representation that it expects those issues to be resolved such that it will be in a position to clear the 2008 account balances coincident with its April, 2010 QRAM.

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 has in the past offered comment on the form or substance of the gas

distributors' QRAM applications. In this instance, IGUA has offered brief comment on an additional aspect of EGD's proposal which arises from previous Board decisions.

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, makes inquiries as appropriate of utility personnel, 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, as 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



Ian A. Mondrow

- c. Murray Newton, IGUA
- Fred Cass, AIRD & BERLIS, Counsel for EGD
- Norm Ryckman, EGD
- Valerie Young, AEGENT ENERGY ADVISORS
- Interested Parties (as listed in the Application)

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