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Our File No.: 46643-484

January 26, 2007

BY E-MAIL to boardsec@oeb.gov.on.ca

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc.
2007 Rates Application
Ontario Energy Board File No. EB-2006-0034**

We are counsel to Direct Energy Marketing Limited ("Direct Energy") and are writing to register Direct Energy's objection to the attempt by Enbridge Gas Distribution Inc. ("EGD") to include the Invoice Vendor Adjustment ("IVA") charge as an issue to be addressed in the pending rates case. Direct Energy believes that EGD's attempt, at a late stage in the pre-hearing process, to include this issue in the hearing is both procedurally and substantively improper.

Direct Energy believes that the following factors support its contention in this regard:

- The IVA line was identified as being a required transaction and billing function that would allow vendors to adjust billing errors caused by EGD and its billing provider or by inappropriate processing of commodity transactions by vendors. There was no discussion of a separate charge for this service as it was considered to be part of the overall billing service required to be provided by regulated distributors as part of the Distributor Consolidated Billing in GDAR.
- In its decision on November 14, 2005, the Board found that certain transactions including the IVA line were required as part of Phase I of the GDAR implementation to support the deregulated commodity market.

January 26, 2007

Page Two

- In mid December of 2006, EGD sent draft service agreements for Direct Energy's consideration, and these contained an IVA charge that was not discussed at the GDAR working groups. These transactions were previously agreed to by the working group as part of GDAR billing arrangements and there was no mention of charges. It is to be noted that the proposed charge is not cost-based and not standardized with Union Gas's proposed charge or similar transactions in the electricity sector, as is normally required for GDAR transactions.

It is to be noted that there was no mention of an IVA charge, or of EGD's intention, to have it addressed in any fashion by the Board, in the initial rate application filed by EGD or the subsequent issues list approved by the Board. In fact, EGD did not provide any indication of its intention to have this issue addressed in the rates case until it delivered, on December 6, 2006, what it called "New and Updated or Corrected Evidence". Given this late indication of its intention to raise this issue in the hearing, and seek Board approval of a charge, and in light of its late and incomplete delivery of the material upon which it relies for its position, EGD has effectively prevented the parties who are affected by, or interested in, this issue from addressing it in a meaningful way before the Board. Although Direct Energy has discussed this issue with EGD and has attempted to persuade it that the issue should not be addressed in this hearing, it now appears that EGD is unwilling to agree to Direct Energy's requests in this regard, although there is no panel scheduled to testify concerning the appropriateness of this charge.

In these circumstances, Direct Energy wishes to advise the Board and EGD of its objection to the inclusion of the IVA issue in this hearing, and wishes to advise of its intention to object at the appropriate time in the hearing to EGD's effort to have this matter addressed by the Board.

Yours very truly,

BENNETT JONES LLP



for Eric R. Hoaken

ERH/dea

c: Ms. Tania Persad, Enbridge Gas Distribution (by e-mail)
Mr. Fred Cass, Aird & Berlis (by e-mail)
EB-2006-0034 Interveners (by e-mail)