

VIA E-MAIL & RESS

December 15, 2010

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attn: Kirsten Walli, Board Secretary

RE: EB-2010-0347 Enbridge Gas Distribution QRAM -Q1 2011

The following are the comments of the Federation of Rental-housing Providers of Ontario (FRPO) to Enbridge Gas Distribution (EGD) in their application for QRAM Q1 2011. We are respectful of the time frames associated with this application and are providing comment absent response from the applicant to interrogatories submitted December 14, 2010.

PROPOSED RATES

For the purposes of rate setting for Enbridge customers for January 1, 2011, FRPO does not oppose the rates being presented. FRPO acknowledges Board's attention to the rates implicit in their interrogatories regarding Rider C for Rate 100. FRPO is satisfied that EGD is using a reasonable proxy for Rate Rider C for Rate 100 by using the Rate 6 Rider. In our view, the variance would be minimal due to the aversion of customers to Rate 100 witnessed recently and, to the extent that a customer chose Rate 100, they would be migrating or new. If that were the case, it would not serve the public interest for a customer choosing that rate to be able to avoid the Rider.

SYSTEM RELIABILITY COSTS

In EGD proceeding for the establishment of 2011 rates, FRPO made inquiry regarding the reporting of System Reliability Costs. We were comforted that EGD would report those costs through QRAM and we trust actual costs would be reconciled with projected costs to ensure appropriate cost causality. However, EGD's evidence¹ states:

For future QRAM applications, System Reliability costs, given they are a component of the gas supply portfolio, will be part of the mechanistic nature of the gas cost adjustments carried out in each QRAM and will be allocated and recovered in accordance with the Board approved cost allocation and rate design methodology as outlined above.

¹ Exhibit Q1-2, Tab 3, Schedule.1, Page 5, paragraph 16

Without EGD's response to our IR's, FRPO is uncertain of the ongoing reporting of System Reliability Costs. Therefore, FRPO would respectfully request that the Board direct EGD to continue to track and report those actual costs moving forward in subsequent proceedings. While the reporting and subsequent discovery does not lend itself well to a mechanistic QRAM proceeding, we submit that the ability to see the costs separately is in the public interest for the following reasons:

1. The issue of System Reliability was first identified by EGD² about 2 years ago and the EGD and intervenors took opposing sides on the extent of the issue. Even the proposed solutions that were the basis for Settlement Agreement for System Reliability³ were initially advanced more than a year and a half ago.
2. As the Board well knows from its initiation of the Ontario Natural Gas Market Review⁴, much is changing in the market including deliveries into Ontario from northeast United States. In fact, both Union⁵ and EGD⁶ have submitted requests to the Board to take deliveries from Niagara citing the diversification of their deliveries as a benefit.
3. Costs for System Reliability are expected to change as TransCanada has recently submitted to the National Energy Board for a change to its tolls.⁷

In our submission, the amount of change to the Ontario market over the next couple of years could have a significant impact on the underlying conditions which prompted the need for System Reliability. In addition, the actual cost of this agreement will change. In our view, there is a great need to ensure the compromise agreements made to address the issue do not become institutionalized without the Board's ability to consider improved solutions in future years. Therefore we encourage the Board to ensure ongoing reporting of actual costs for System Reliability.

COSTS

FRPO respectfully requests an award of its reasonably incurred costs in its review of these issues.

Respectfully Submitted on Behalf of FRPO,



Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

c. EGD Regulatory Proceedings, V. Brescia

² EB-2008-0219

³ EB-2010-0231

⁴ EB-2010-0199

⁵ EB-2010-0296

⁶ EB-2010-0333

⁷ <http://www.transcanada.com/5619.html>