

March 14, 2011

VIA RESS AND COURIER

Ms. Kirsten Walli
Ontario Energy Board
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Dear Ms. Walli:

Re: EB-2011-0029: Union Gas Limited (Union) April 1, 2011 QRAM Application
Industrial Gas Users Association (IGUA) Comments

We write as legal counsel to IGUA.

IGUA's Position on Proposed Rate Adjustments

IGUA's advisors, Aegent Energy Advisors Inc. (Aegent), have reviewed Union's Application for quarterly adjustment of rates (QRAM) to be effective April 1, 2011. Based upon Aegent's advice, IGUA is satisfied that Union has properly followed the QRAM methodology approved by the OEB in its EB-2008-0106 Decision.

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

Escalating TCPL Tolls

IGUA does wish to record in this submission its continuing concern with the impact on Ontario gas ratepayers of escalating TCPL tolls. In this QRAM Application Union (properly) flows through to its gas supply and delivery customers the interim increase in TCPL tolls approved by the National Energy Board effective March 1, 2011. The change in TCPL tolls will increase Union's annual gas supply transportation charges in the North by almost \$30 million. [Tab 2, page 1, lines 17 and 18] The gas cost impact of this transportation cost increase dwarfs the impact of changes in Alberta border gas costs. Further, rising TCPL tolls results in an increasing divergence between landed gas supply costs for Union's South customers as compared to landed gas supply costs for Union's North customers. [Tab 2, page 2, lines 1 to 2]

IGUA notes that the current increase in Union's gas supply charges results from TCPL's application to recover part of the toll increase that would result from applying the current

Mainline tolls mechanism. TCPL has been directed by the NEB to file an application for final 2011 Mainline tolls by May 2, 2011. IGUA expects that Union will continue to monitor and engage in the upcoming processes through which TCPL's final 2011 tolls will be determined, in defence of the interests of Union's ratepayers.

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 Union's QRAM.

IGUA has, in the past, been consistently awarded modest costs for review of QRAM applications. IGUA respectfully submits that the Board, in making such awards, has recognized some value (commensurate with modest costs) in the independent and informed review of such applications.

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, 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 with 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.

Yours truly,



Ian A. Mondrow

cc. Murray Newton (IGUA)
Valerie Young (Aegent)
Marion Redford (Union)
Crawford Smith (Torys)
Hima Desai (OEB)
Intervenors of Record (EB-2010-0148)