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February 4, 2008

Kirsten Walli
Board Secretary
Ontario Energy Board
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Dear Ms Walli

Combined Proceeding Incentive Regulation ("IR")			
Enbridge Gas Distribution Inc. ("EGD")		Union Gas Limited ("Union")	
Board File No.:	EB-2007-0615	Board File No.:	EB-2007-0606
Our File No.:	302701-000411		

I am writing on behalf of the Industrial Gas Users Association ("IGUA") to address a request by the Green Energy Coalition ("GEC") and Pollution Probe that the Board afford special Y factor treatment to the incremental revenue requirement impact of customer attachments during the term of Union Gas Ltd. ("Union Gas") and Enbridge Gas Distribution Inc.'s ("EGD") IR Plans ("IR Plans").

IGUA agrees with oral submissions made by Union and EGD on February 1, 2008. IGUA also supports the written argument of BOMA/LPMA/WGSPG that was filed earlier today.

Both Union and EGD testified that the revenue that will flow from their respective IR Plans will be adequate to cover the costs associated with customer additions, and as such, Y factor treatment is not required. There is no evidence that, in the absence of such costs being afforded Y factor treatment, Union and EGD will seek to reduce customer additions. To the contrary, both Utilities confirmed that they would not seek to reduce customer additions as it is in their financial interests to continue to attach as many customers as possible throughout the term of their IR Plans.

Further, EGD's witness, Mr. Hoey, confirmed that the introduction of Y factor treatment to costs arising from customer additions, as proposed by GEC and Pollution Probe, would result in over-recovery or double-recovery by the company [Transcript, Vol. 2, p.106]. Thus, Y factor treatment of these costs would result in a windfall for the utility.



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The proposals by GEC and Pollution Probe are not clearly set out in any evidence. Neither of these parties pre-filed evidence or called a witness to speak to their proposals. It is not evident whether their proposals apply only to the costs arising from attaching residential customers, or would also extend to the costs arising from the attachment of industrial customers. In this regard, IGUA notes that the submissions of Union explicitly contemplate application of the GEC and Pollution Probe proposals to only residential customers [Transcript, Vol. 2, p. 107].

IGUA submits that if the Board accepts either Pollution Probe or GEC's proposal, in whole or in part, then the Y factor treatment for the costs arising from customer additions should be limited to only residential customer additions. As well, those costs should be allocated to only residential rate classes. There is absolutely no evidence before this panel that either utility would refuse to attach a new industrial customer during the term of their respective IR Plans. In the absence of such evidence the Board should reject the GEC and Pollution Probe proposals.

Yours very truly

Vincent J. DeRose

VJD

c. Interested Parties EB-2007-0606 and EB-2007-0615
Murray Newton (Industrial Gas Users Association)

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