

December 14, 2011

VIA RESS AND COURIER

Ms. Kirsten Walli
ONTARIO ENERGY BOARD
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Dear Ms. Walli:

Re: EB-2011-0390: Enbridge Gas Distribution Inc. (EGD) January 1, 2012 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 EGD's Application for quarterly adjustment of rates (QRAM) to be effective January 1, 2012. Based upon Aegent's advice, IGUA is satisfied that:

1. EGD has properly followed the QRAM methodology approved by the OEB's EB-2008-0106 Decision.
2. EGD has properly incorporated into the applied for rates the implementation of the Board's interim 2012 rate order, as directed in the EB-2011-0277 proceeding.
3. EGD's proposed treatment of curtailment revenue as a credit to load balancing costs, and EGD's proposed allocation of that credit to firm delivery customers, is appropriate.

In respect of the third point noted above, IGUA understands that EGD has proposed to allocate \$3.3 million in revenues from curtailment non-compliance penalties and curtailment credit claw backs to firm delivery customers, on the same basis that the cost variance for peaking supplies and the cost of curtailment credits are allocated to firm delivery customers. IGUA agrees that this allocation is appropriate, given that firm delivery customers are charged for curtailment credits paid to curtailable customers, and are also charged for incremental peaking supplies that must be acquired when curtailable customers fail to curtail.

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

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 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

- c. Murray Newton (IGUA)
- Norm Ryckman (EGD)
- Fred Cass (Aird & Berlis LLP)
- Colin Schuch (OEB Staff)
- Valerie Young (Aegent)
- Intervenors of Record (EB-2011-0277)

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