

March 16, 2012

**VIA RESS AND COURIER**

Ms. Kirsten Walli  
**ONTARIO ENERGY BOARD**  
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File No. T986737

Dear Ms. Walli:

**Re: EB-2011-0210 – Union Gas Limited 2013 Rebasing Application**

**Industrial Gas Users Association (IGUA) Comments on Draft Issues List**

Further to Board Staff's correspondence of March 13<sup>th</sup>, IGUA seeks the addition of the following issues to the Issues list for this proceeding:

***Rate Design (Exhibit H)***

*How should delivery location be determined for direct purchase contract customers?*

*Should direct purchase contract customers with obligations to deliver to points other than those from/near which they are served be credited on account of incremental transportation costs incurred by these customers for such delivery? If so, how should such credit be determined and funded?*

By way of context, direct purchase contract customers located west of Parkway with Parkway delivery obligations are incurring significant incremental transportation costs relative to delivery upstream of Parkway where their facilities are physically located. To the extent that these Parkway delivery obligations are still required from a system management perspective (which is an open question given Union's evidence on changing market conditions, excess Dawn to Parkway capacity, and the recently proposed Parkway to Maple extension project), benefit from these delivery obligations flows to users downstream of Parkway.

While delivery obligation issues were addressed in a number of previous cases (most comprehensively in Union's 2003 rates application – RP-2002-0130), it does not appear that the particular equities presented by direct purchase contract customers located west of Parkway but having to deliver to Parkway has ever been directly addressed by the Board. Earlier determinations were focussed on financial benefits to direct purchase customers, wherever located, from delivering to Union at Dawn, rather than the circumstance of some (west of Parkway) direct purchase contract customers directed to deliver to Parkway to the benefit of other customers but at significant incremental cost to themselves.

With the combination of precipitous increases in TCPL tolls for transportation to Parkway, changing market conditions resulting in excess M12 capacity from Dawn to Parkway, and Union's proposed Parkway Extension Project, IGUA believes that it would be timely to consider the circumstance faced by these direct purchase, west of Parkway, contract customers.

Yours truly,



Ian A. Mondrow

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