

March 12, 2013

VIA RESS AND COURIER

Ms. Kirsten Walli
ONTARIO ENERGY BOARD
P.O. Box 2319, 27th Floor
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Dear Ms. Walli:

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Re: EB-2013-0033 - Union Gas Limited (Union) April 1, 2013 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, 2013. We have also had the benefit of considering CME's written comments on Union's application, filed by way of CME counsel's letter dated March 8, 2013.

Based upon Aegent's advice, IGUA is satisfied that Union has properly followed the QRAM methodology approved by the OEB's EB-2008-0106 Decision.

As noted by CME in its written comments, this QRAM Application incorporates the Board's decision and rate order in Union's 2011 variance account and earnings sharing clearance application (EB-2012-0087). Aegent has advised that it has been able to trace the derivation of the EB-2012-0087 related adjustments for the general service rate classes which are included in this QRAM Application back to the EB-2012-0087 Rate Order and associated work papers. Accordingly, IGUA is satisfied with these adjustments as incorporated by Union in the instant filing.

As CME notes in its written comments, the disposition of the EB-2012-0087 approved variances for the contract rate classes will be processed as a one-time disposition based on 2011 volumes with the April bills for these customers. As such, there is nothing included in this QRAM application in respect of the adjustments for these customers.

The December 14, 2012 Settlement Agreement in EB-2012-0087 [see Section 21 at pages 12 and 13 of the Agreement] reflects the agreement of the parties to that settlement that the one-time disposition of 2011 variances for the in-franchise contract rate classes may be paid by the affected customers either in full or in a number of equal monthly installments, to a maximum of 6 installments. While not specified in the language of the agreement, IGUA's understanding is that Union will not require interest payments in connection with the optional installments.

In the result, IGUA has no objection to approval of Union'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 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 Aagent, whose professionals are expert in Ontario gas commercial and regulatory matters, including rate matters in particular. Aagent conducts a review of the QRAM application as filed, and provides a report to IGUA. Provided that Aagent'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. Dr. Shahrzad Rahbar (IGUA)
Valerie Young (Aegent)
Marian Redford (Union)
Crawford Smith (Torys)
Munir Madhavji (OEB)
Intervenors of Record (EB-2011-0210)

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