

September 17, 2013

**VIA RESS AND COURIER**

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

**Re: EB-2013-0295: Enbridge Gas Distribution Inc. (EGD) October 1, 2013 QRAM Application.**

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**Industrial Gas Users Association (IGUA) Comments.**

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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 October 1, 2013. Based upon Aegent's advice, IGUA is satisfied that, subject to one deviation addressed below, EGD has properly followed the QRAM methodology approved by the OEB's EB-2008-0106 Decision.

The one deviation relates to EGD's previously disclosed intent (EGD's letters to the Board dated July 12, 2013 and August 29, 2013) to contract for 1 year of TCPL FT service for 170,000 GJ/day in 2014, and to include the (lower) FT toll value for this transportation capacity in its updated QRAM calculations herein in place of a higher STFT toll value for this amount of capacity over the upcoming winter season.

IGUA notes that this (now concluded) adjustment by EGD to its gas supply plan constitutes a deviation from the long term resolution captured in the Settlement Agreement pertaining to System Reliability arising from EB-2010-0231. IGUA further notes that EGD has convened a meeting of interested stakeholders for October 2<sup>nd</sup> to review and further explain this change.

In its August 29<sup>th</sup> letter to the Board regarding this gas supply plan change, EGD advised that the premium of \$3.0 million to be paid for the FT service in comparison to 7

months of STFT service is offset by the “service attributes” associated with the FT service contracted for. Further explanation of this assertion has not been provided at this time.

For the purposes of this QRAM, IGUA agrees that inclusion of the lower FT toll level in place of an STFT toll level in the QRAM calculations is appropriate. IGUA agrees with CME to the effect that granting the QRAM adjustments applied for on this basis should not preclude further review of EGD’s deviation from the Settlement Agreement pertaining to System Reliability and an adjustment on this account if ultimately demonstrated to be warranted.

IGUA also notes inclusion by EGD in its QRAM calculations of a one time PGVA credit of about \$5 million to reflect the revenues received by EGD in 2012 from a third party for by-products extracted from EGD’s purchased gas. This adjustment, treated in this way, is consistent with resolution of this issue through “settlement” discussions in EGD’s EB-2012-0046 application for disposition of 2012 earnings sharing and deferral account balances.

Subject to the explanation provided above in respect of application by EGD of TCPL FT tolls in place of TCPL STFT tolls in its instant QRAM calculations, 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 in this instance.

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. Dr. Shahrzad Rahbar (IGUA)  
Andrew Mandyam (EGD)  
Tania Persad (EGD)  
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All Interested Parties (EB-2011-0354)

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