

March 17, 2014

VIA RESS AND COURIER

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

Re: EB-2014-0039: Enbridge Gas Distribution Inc. (EGD) April 1, 2014 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 April 1, 2014. Based upon Aegent's advice, IGUA is satisfied that EGD has properly followed the QRAM methodology approved by the OEB's EB-2008-0106 Decision.

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

Additional Comment

IGUA appreciates that the quantum of the proposed clearance resulting from this past winter gas season is highly significant. The record as it exists to date reveals no shortcomings in the manner in which EGD has managed its gas supply exigencies during this extreme weather period. Accordingly, IGUA sees no reason that the clearance requested by EGD should be denied.

We do note that both CME and Board Staff have asked a number of substantive questions of EGD. IGUA will review EGD's responses to those questions, and the comments offered herein are subject to that review.

Staff has implicitly proposed through some of its questions that the QRAM clearance this time should be subject to smoothing. That is an unusual proposition in the context of a QRAM, the very essence of which is to reflect market costs on a relatively timely basis. On the other hand, the cost impacts of this particular proposal are highly unusual. IGUA takes no position on the matter of smoothing the customer cost impact of this application at the moment, but will consider the matter further in light of EGD's responses to the questions raised.

IGUA also requests that EGD address two additional questions in its response on submissions to date:

1. At Exhibit Q2-2, Tab 1, Schedule 1, pp 4-5, paragraph 10, EGD explains that if the company had not curtailed its curtailable delivery customers, it would have needed to buy an additional $66.1 \times 10^6 \text{m}^3$ at a cost of \$25 million. Understanding the cost of the curtailment (i.e. the amount paid by EGD to the curtailed customers to buy the customers' gas in order for EGD to meet its gas supply requirements) would be helpful.
2. Enbridge has included in the PGVA an amount of \$4.2 million for extraction revenue for the period Apr/13 – Nov/13. It is recorded as a reduction to purchased gas costs. In the last QRAM [EB-2013-0406, Exhibit I, Tab 1, Schedule 2] EGD indicated in response to a question from OEB Staff that it was prepared to report extraction revenues separately as follows: (i) in a paragraph in the written evidence and (ii) in the schedule showing the components of the PGVA, indicating the level of extraction revenue for each month. In the instant QRAM, EGD has included information on total extraction revenues in the written evidence at Exhibit Q2-2, Tab 1, Schedule 1, p. 8, paragraph 17. It has not, however, shown the revenue for each month in the PGVA schedule (Exhibit Q2-3, Tab 1, Schedule 2, p. 1). In its submissions in EGDs previous QRAM IGUA supported OEB Staff's suggestion for separate reporting, and would appreciate it if EGD could acknowledge that, going forward, it will provide reporting of extraction revenues on a monthly basis as previously undertaken.

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 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 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)
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Tania Persad (EGD)
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All Interested Parties (EB-2012-0459)