

March 24, 2014

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
P.O. Box 2319  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2014-0039 – Enbridge Gas Distribution Inc. – April 1, 2014 QRAM Application**

This is the second set of submissions of the Consumers Council of Canada (“Council”) regarding the April 1, 2014, Enbridge Gas Distribution Inc. (“EGD”) Quarterly Rate Adjustment Mechanism (“QRAM”) application to the Ontario Energy Board (“Board”) filed on March 12, 2014. On March 21, 2014, the Board issued a letter indicating it would allow parties to file a written submission “on the evidence as it currently exists on the record, and on whether the Board should consider rate mitigation measures to smooth the impact of the increases in the commodity price.”

In its initial submission dated March 18, 2014, the Council urged the Board to establish a comprehensive process that would allow it to determine prudence with respect to EGD’s gas purchase activities over the last several months. The Council urged the Board to ensure, prior to approving the recovery of the requested gas cost amounts, that it fully understands why the amounts were so large and what specific factors contributed to the accumulation of the amounts. The current expedited process would not, in our view, allow for that.

The Council remains concerned about EGD’s application for the following reasons:

1. Although commodity price increases were occurring for several months, customers have had virtually no notice of the coming rate increases effective April 1;
2. Although Union Gas Limited (“Union”) experienced commodity price increases over the last several months, the magnitude of its gas cost increases are not as significant as EGD’s; and
3. Based on the evidence filed to date, it is not clear as to whether or not EGD did everything it was required to do to mitigate the impact of increased gas costs on its customers.

In pursuing its mandate to “protect consumers with respect to prices and the reliability and quality of gas service” we believe it is incumbent upon the Board to ensure that in approving these rate changes that it is satisfied that there is a justifiable reason for the variance between the gas costs incurred by Union and EGD and that the nature and magnitude of the supply risk experienced is completely understood by the Board, and, through it, the public. In addition, it is important for the Board to be satisfied EGD’s actions over the last several months in managing its gas supply portfolio were prudent.

The Council also believes that it is essential, if approval is granted, for the Board and EGD to fully explain to EGD’s customers why the costs incurred were so large relative to previous periods.

The Council continues to be concerned that consumers will want the best possible assurance that the costs that EGD, Union Gas Limited and others are currently seeking to pass on are, in fact, fair in the circumstances and could not have been, at least partially, avoided. We believe it is incumbent on the Board, in order to satisfy the public interest which it represents, to initiate a broader generic review to ensure that going forward, the factors that have contributed to these recent gas cost increases, are fully understood and appropriately addressed in the future. This review would be timely in light of the fact that the gas supply planning procedures currently in place have resulted in notable gas cost variances between Union and EGD. In addition, this review would be timely in light of the significant changes regarding Ontario's natural gas infrastructure that are taking place and expected to take place over the next several years (GTA Reinforcement, Energy East Project, TCPL toll changes etc.).

Yours truly,

*Julie E. Girvan*

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CC: EGD Regulatory  
Interested Parties  
Ken Whitehurst, CCC