

**From:** Fred Nykamp [REDACTED]  
**Sent:** April 1, 2014 8:33 AM  
**To:** BoardSec  
**Subject:** Gas Price Increases???  
**Importance:** High

Please advise regarding my questions below. I do not understand why the gas companies receive such special considerations and apparently, according to Mr Hubble, make no "mark up" on the gas they buy and sell??

That makes no sense to me.

1. Why are they in the business if not to make a "mark up or profit"? and
2. How do they make such enormous profits they keep reporting?
3. Why can they not be expected to absorb some losses when market conditions change just like any other business has to?
4. Why is this being passed on to the consumer?
5. Why the special consideration for gas companies that already make so much money?

Look forward to your reply,

Thank you,

Fred Nykamp  
[REDACTED]

**Sent:** March-31-14 4:30 PM  
**To:** 'Brendan Hubble'  
**Subject:** RE: Web form

Dear Mr. Hubble,

Thank you for your reply to my concerns.

I note a key point you make that..." the price you ("we") pay for natural gas purchased through Enbridge is exactly the same as it costs Enbridge to buy it from the natural gas suppliers. There is no markup."

I need clarification of this. Are you saying that Enbridge and all the gas companies are not making any profit selling gas? With no mark up there can be no profit.

Furthermore, Enbridge is a private company and reports incredible annual profits and they could not for one winter absorb some losses due to weather / more cold than expected?

That is my key point to you. All businesses need to absorb and be prepared for market fluctuations and resulting cost variances, and have to absorb those costs when weather is severe or less severe. I think of snow shovel manufacturers, air conditioning companies, pool makers, etc why are Enbridge and the gas companies protected from this and can just apply and be approved for a "correction" payment so their

profits are protected, when we know all energy companies and their distribution companies are raking in massive profits?

I do not understand and look forward to further clarification.

Thank you..

Fred Nykamp

**From:** Brendan Hubble [<mailto:Brendan.Hubble@ontarioenergyboard.ca>]

**Sent:** March-31-14 3:37 PM

**To:** [REDACTED]

**Subject:** Web form

Dear Fred Nykamp,

Thank you for your web submission regarding your concerns with Enbridge's natural gas rates, effective April 1, 2014 to June 30, 2014.

The Ontario Energy Board (the Board) has assigned your correspondence file number < 2014-0003222

The Board has approved the rates for Enbridge on an interim basis. We will be taking a 2nd look to see available options e.g. if the rate increase should be spread over a longer period of time or not, in order to smooth the bill impacts for the consumer.

This winter has been one of the coldest and longest winters in Ontario, in the past 25 years and over 20 percent colder than last year. As a result, heating equipment such as your furnace, has been working much harder to keep your home or business warm, increasing the demand for natural gas across North America.

Utilities buy and store gas ahead of time, when it's less expensive. This gas is used in the winter, when market prices are typically higher. Unfortunately, this winter has been so cold for so long that gas companies have used up the lower cost gas, which was in storage. This required them to buy more gas than normal, on the open market where prices have been very high, due to the increase in demand.

However, the price you pay for natural gas purchased through Enbridge is exactly the same as it costs Enbridge to buy it from the natural gas suppliers. There is no markup. Natural gas companies apply to the Board every three months for a "Quarterly Rate Adjustment" or more commonly referred to as a "QRAM". A QRAM application reviews the market prices quarterly, which allows gas companies to stay on top of any major changes. If the cost of natural gas has gone down or up, the commodity price is reduced or increased accordingly to help avoid large adjustments.

Adjustments normally take place at the beginning of each quarter; January 1, April 1, July 1 and October 1. The next QRAM application will be in June for rates, effective July 1, 2014.

You are welcome to send in a "Letter of Comment" to the Board Secretary's office, expressing your views on the increase in your rates. You can do so by

- Email: [BoardSec@ontarioenergyboard.ca](mailto:BoardSec@ontarioenergyboard.ca)
- Mail: Board Secretary's office Ontario Energy Board  
P.O. Box 2319, 2300 Yonge Street, 27th Floor, Toronto, Ontario M4P 1E4

Yours truly,

Brendan

Brendan Hubble  
Public Information Officer, Consumer Relations  
Consumer Services  
Ontario Energy Board  
2300 Yonge Street  
Toronto, ON M4P 1E4  
416-314-2455/ 1-877-632-2727  
[Brendan.hubble@ontarioenergyboard.ca](mailto:Brendan.hubble@ontarioenergyboard.ca)

Brendan Hubble  
Public Information Officer, Consumer Relations  
Consumer Services  
Ontario Energy Board  
2300 Yonge Street  
Toronto, ON M4P 1E4  
416-314-2455/ 1-877-632-2727  
[Brendan.hubble@ontarioenergyboard.ca](mailto:Brendan.hubble@ontarioenergyboard.ca)

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