

PETER C.P. THOMPSON, Q.C.  
T 613.787.3528  
pthompson@blg.com

Borden Ladner Gervais LLP  
World Exchange Plaza  
100 Queen St, Suite 1300  
Ottawa, ON, Canada K1P 1J9  
T 613.237.5160  
F 613.230.8842  
blg.com



By electronic filing

June 18, 2014

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
Toronto, ON M4P 1E4

Dear Ms. Walli,

**Review of the Quarterly Rate Adjustment Mechanism (“QRAM”) Process  
For Natural Gas Distributors**

**Board File No.: EB-2014-0199**

**Our File No.: 339583-000177**

We are writing in our capacity as the solicitors for Canadian Manufacturers & Exporters (“CME”). Our involvement with other matters before the Board interfered with our ability to provide comments on the questions which the Board listed for determination in the first phase of this proceeding by June 17, 2014. We apologize for the one day delay in providing the brief comments which follow.

We have received and reviewed comments contained in letters submitted by Board Staff, Union Gas Limited (“Union”), Federation of Rental-housing Providers of Ontario (“FRPO”), and the Industrial Gas Users Association (“IGUA”). Any comments which we may have on those submissions will be provided in a reply communication due on June 24, 2014.

We support the concept that the QRAM Process should remain a largely mechanical and expedient exercise. That said, exceptional circumstances can occur which should prompt the Board, on a case by case basis, to convert the process into one which allows for a more substantive review of a materially significant issue which cannot fairly be determined without further investigation.

We submit one scenario which should prompt the Board to consider such action is the situation where the quarterly changes in gas prices concurrently being requested by 2 or more distributors materially differ. That scenario emerged this spring when Union requested approval for an increase in gas prices of about 23%, whereas the price increase approval sought by Enbridge Gas Distribution Inc. (“EGD”) was in the order of 40%. When such a material disparity exists in the gas price increases concurrently being requested by 2 Ontario gas distributors, questions

arise with respect to the prudence of the gas procurement actions of the distributor seeking the materially higher price increase.

When such a situation emerges, the Board should refrain from adhering to the mechanistic and abbreviated QRAM Process. Rather, the Board, on its own motion, should modify the mechanical and expedient QRAM Process to enable matters pertaining to the gas procurement actions of the distributor seeking the materially higher price increase to be properly investigated.

Apart from the foregoing, we have nothing to add, at this time, to the comments already submitted by other parties.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Peter C.P. Thompson', with a long horizontal flourish extending to the right.

Peter C.P. Thompson, Q.C.

PCT\slc

c. Paul Clipsham and Ian Shaw (CME)  
All Interested Parties EB-2014-0199

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