

December 15, 2014

VIA RESS AND COURIER

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

Re: EB-2014-0348: Enbridge Gas Distribution Inc. (EGD) January 1, 2015 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 January 1, 2015. 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.

Based on the evidence filed to date, IGUA takes no objection to the relief claimed by EGD. We note in particular the proposed implementation of the previously approved Rider E on January bills [Ex. Q1-1/T2/S1/P3] and EGD's proposal to implement Rider D effective January 1st on an interim basis pending disposition of EGD's 2015 Rate Adjustment application [EB-2014-0276]. IGUA has no concerns with these aspects of EGD's requested relief.

We do have a few questions, outlined below, based on the evidence filed to date. We anticipate that EGD will be able to respond to these questions in its reply submissions.

Additional Comment

As we understand EGD's evidence, against an essentially flat Alberta border price (relative to the Alberta border price underlying EGD's October, 2014 QRAM), EGD's "utility price for the commodity" is increasing by approximately 9%. We understand that there are two main drivers for this increase; i) TCPL tolls; and ii) load balancing and related cost.

TCPL tolls are increasing by an aggregate of approximately 18%, as a result of the Settlement Agreement and the toll implications thereof now approved by the NEB. [Ex. Q1-2/T1/S1/p5, para. 14]

In respect of load balancing related costs, EGD is claiming an incremental \$28.7 million for peaking and seasonal costs [Ex.Q1-2/T4/S1/p.3, paragraph 7; Ex.Q1-3/T4/S4/p.3/lines 5.1 and 5.2]. ***IGUA would appreciate additional information regarding this increase in costs; i.e. are they price related, volume related or both and how does the use of the 2015 Gas Supply Plan contribute to these incremental costs?***

In respect of the PGVA balances to be cleared, EGD's evidence is that the primary driver for the forecasted variance is the higher than budgeted purchases of delivered supply at higher than forecast costs payable for that service in November and December 2014 [Ex.Q1-2/T1/S1/p.2, para. 5]. ***IGUA would appreciate additional information on what caused the need for higher delivered supply volumes, and the higher price than forecasted for such volumes, at the end of 2014.***

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 (subject to the few questions posed above regarding additional information on some of the main cost drivers reflected in this application).

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

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