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April 16, 2008

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Dear Ms Walli

<b>Incentive Rate Regulation Rate Case</b>	
<b>Draft Final Rate Order</b>	
<b>Enbridge Gas Distribution Inc. ("EGD")</b>	
<b>Board File No.:</b>	<b>EB-2007-0615</b>
<b>Our File No.:</b>	<b>302701-000411</b>

We are writing on behalf of our client, the Industrial Gas Users Association ("IGUA"), to alert the Board to some concerns IGUA has raised with respect to the materials circulated by Enbridge Gas Distribution Inc. ("EGD") to support the issuance of a Formal Order in these proceedings.

IGUA's initial concerns were expressed in a letter to EGD dated April 10, 2008. Subsequently, on Monday, April 14, 2008, we participated in a conference call with EGD representatives to discuss the five (5) items of concern raised in our April 10, 2008 letter.

As a result of that conference call, no further action is required with respect to two (2) of our items of concern. We understand that EGD will be taking the following steps to respond to the other three (3) items of concern.

1. Draft Formal Order

Because there are so many items being addressed in the materials EGD has submitted, such as, CIS/Customer Care True-Up, implementation of Year 1 of EGD's 5 Year Incentive Regulation ("IR") Plan, and clearance of a significant debit balance in EGD's 2007 Non-Commodity Deferral Accounts, we suggested that EGD should prepare and circulate to interested parties, for their comments, a draft of the Formal Order it wishes the Board to issue. We understand that EGD will be contacting its counsel to complete this task.

2. Debit Deferral Account Balances

In our April 10, 2008 letter, we provided some high level calculations of the impact, on customers served under Rates 110, 115, 145 and 170, of the one time charge EGD proposes to include in its July bills to recover from all rate classes, the significant debit Deferral Account Balances. Our preliminary analysis suggested that the one time charge for 2007

Deferral Account Debits could be 2 times and perhaps more than 2 times the amount of the monthly invoice some of these contract customers currently receive from EGD.

This item is of particular concern to IGUA in the context of the fact that the Formal Order implements the first year of EGD's IR Plan, in which "rate stability" is an objective. In addition, the Deferral Account one time charge is of concern to IGUA because it will follow closely on the heels of a recently announced 38% increase in the tolls payable to TransCanada PipeLines ("TCPL").

As a result of our discussions, EGD has agreed to provide the Board with some evidence comparing the one time Deferral Account charges to the monthly bills typical customers receive from EGD. We understand that, for sales customers, the one time Deferral Account clearance amount will be compared to their total monthly bill; for western T-service ("TS") customers, the comparison will be to their monthly bill for delivery, load balancing and upstream transportation; and for Ontario TS customers, the comparison will be to EGD's bill for delivery and load balancing services.

3. Advance Notice to Customers of Deferral Account Charges

To diffuse the potential for an adverse reaction from contract customers to the large amount of the one time charge for 2007 Deferral Account balances, we suggested that EGD prepare and circulate, for comment, a written communication to be sent to contract customers in May 2008 to notify them of the pending charges for Deferral Account balances that will be included in their July 2008 invoice. We also invited EGD to consider whether it can provide customers with an option of paying the Deferral Account amount in instalments over July to December 2008, rather than in one lump sum.

EGD agreed to draft for our consideration and comment a written communication of this nature.

Attached is a copy of our April 14, 2008 letter to EGD confirming the results of our teleconference.

We respectfully request that the Board consider these concerns when finalizing the Formal Order which issues in this proceeding. We also respectfully request that the Board award IGUA its reasonably incurred costs in connection with reviewing and commenting upon the materials EGD submitted to support the issuance of a Formal Order in this matter.

Please contact me if the Board requires any further information in connection with the points raised herein.

Yours very truly



Peter C.P. Thompson, Q.C.

PCT\slc  
enclosure

c. Interested Parties EB-2007-0615  
Murray Newton (Industrial Gas Users Association)  
OTT01\3435447\1



By E-mail

April 14, 2008

Robert Bourke  
Manager, Regulatory Proceedings  
Enbridge Gas Distribution Inc.  
500 Consumers Road  
North York ON M2J 1P8

Dear Mr. Bourke

**Incentive Rate Regulation Rate Case  
Draft Final Rate Order**

**Enbridge Gas Distribution Inc. ("EGD")  
Board File No.: EB-2007-0615**

**Union Gas Limited ("Union")  
Board File No.: EB-2007-0606**

**Our File No.: 302701-000411**

As a result of our conference call this morning, we understand that EGD will respond to the concerns raised in our letter of April 10, 2008, as follows:

1. Draft Formal Order - EGD will contact its counsel to see whether a draft of the Formal Order can be prepared and circulated to interested parties for their comments;
2. Rider C - Direct allocation - No further action is required with respect to this item. You have explained how the debit and credit balances in line items 1.1 to 1.8 of the PGVA relate to refunds in prior QRAM Orders, based on estimates of PGVA 2007 credit balances, which turned out to be too high.
3. Rider E - No further action is required with respect to this item. We now understand that the 2008 Delivery Revenue Requirement ("DRR") of about \$938M represents a slight increase over the October 2007 QRAM DRR of about \$936.1M and that there is no "rebalancing" of the recovery of delivery revenues between rate classes taking place under Rider E. We understand that the credit charges for Rates 1 and 6 are a result of the higher customer charges for these particular Rate Classes reflected in the Settlement Agreement.

We understand that the Rider E adjustment will be a charge in the July 2008 bill only and that the amounts thereof are negligible as shown in the document e-mailed to us this morning entitled "Prospective Rider E for July 2008 - Typical Customer Volume Profiles".

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4. Deferral Account Balances - It was agreed that the Board should be provided with some evidence comparing the one-time Deferral Account charges, EGD proposes to recover, to the monthly bills typical customers receive from EGD. In this context, we understand that EGD will be adding to the materials filed to support the 2008 Final Rate Order a document similar to the document you e-mailed to us this morning entitled "2007 Deferral and Variance Accounts and Other One Time Clearance: One Time Adjustment".

In the document that is filed with the Board, EGD will show, for typical customers within the various Rate Classes, the amount of the one time Deferral Account clearance charge that EGD proposes. More particularly, we understand that columns will be added to the document circulated this morning to compare the one time Deferral Account clearance amount to the estimated monthly bills customers receive from EGD. For sales customers, the comparison will be to their total bill. For western T-Service ("TS") customers, the comparison will be to EGD's bill for delivery, load balancing and upstream transportation. For Ontario TS customers, the comparison will be to EGD's bill for delivery and load balancing services.

5. Advance Notice to Customers of Deferral Account Charges - With respect to advance notice to contract customers of the Deferral Account charges they will be required to pay, we confirm that EGD will draft, for our consideration, a written communication to be sent to contract customers in May 2008 to notify them of the pending charges for Deferral Account balances that will be included in their July 2008 invoice.

When preparing this communication, please consider whether EGD can provide customers with an option of paying the Deferral Account amount in instalments over July to December 2008, rather than in one lump sum.

We appreciate EGD's willingness to constructively respond to the concerns that we raised.

Yours very truly



Peter C.P. Thompson, Q.C.

PCT\slc

- c. Fred Cass (Aird & Berlis)  
Richard Battista (Ontario Energy Board)  
Murray Newton (Industrial Gas Users Association)  
Vince DeRose

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