

March 16, 2015

VIA RESS AND COURIER

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

Re: EB-2015-0035: Union Gas Limited (Union) April 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 Union's Application for quarterly adjustment of rates (QRAM) to be effective April 1, 2015. Based upon Aegent's advice, IGUA is satisfied that Union has properly followed the QRAM methodology approved by the OEB's EB-2008-0106 Decision.

IGUA has no objection to approval of Union's application as filed.

Additional Comments

By way of note, rather than objection, we would highlight that an approximately 20% decrease in the Alberta border reference price (from 14.3243¢/m³ to 11.3761¢/m³) is offset in part in Union's proposed rates by continued increases in the transportation component of the Ontario landed reference price resulting from increasing TransCanada tolls (the Empress to Union CDA FT toll at 100% load factor increases by 8%, from \$1.821/GJ to \$1.966/GJ). This most recent increase in TransCanada tolls is driven by the inclusion in TCPL tolls of a new abandonment surcharge sanctioned by the National Energy Board, which represents a further increase in TransCanada tolls relative to the increase reflected in Union's January QRAM to account for the toll

increases resulting from the recently approved LDC/TransCanada Settlement Agreement. IGUA has noted in the context of the Board's 2014 Natural Gas Forum the utility of review of the use of an Empress reference price, rather than an Ontario based reference price, for QRAM purposes.

We also acknowledge the helpful winter gas purchases evidence included by Union in its prefiled material. While IGUA does not take objection to the clearing of the balances in accounts typically dealt with through the QRAM as proposed by Union, this position is without prejudice to IGUA's position on clearance of certain gas purchase costs deferred for future consideration in Union's 2014 deferral account clearance application.

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 Union'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 has historically been the case with QRAM applications. For QRAM reviews, IGUA has retained Aagent, whose professionals are expert in Ontario gas commercial and regulatory matters, including rate matters in particular. Aagent conducts a review of the QRAM application as filed, and provides a report to IGUA. Provided that Aagent'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 with the instant 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

cc. Dr. Shahrzad Rahbar (IGUA)
Valerie Young (Aegent)
Chris Ripley (Union)
Crawford Smith (Torys)
Lawrie Gluck (OEB)
Intervenors of Record (EB-2014-0271)

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