

September 14, 2016

VIA RESS AND COURIER

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

Re: EB-2016-0247: Union Gas Limited (Union) October 1, 2016 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 October 1, 2016. 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.

Further, consistent with its April 1, 2016 and July 1, 2016 QRAM applications, Union is proposing to exclude the projected variance between its currently approved rates and the forecast cost of gas for Union North East based on the Ontario landed reference price for Union North derived for this QRAM. Union proposes to exclude this variance from prospective recovery since, with the approved change to a Dawn reference price for Union North East as of January 1, 2017, the variance is not expected to materialize. As was the case in Union's previous 2016 QRAM proceedings, IGUA supports this proposal as being administratively efficient and providing appropriate rate stability without sacrificing the cost reflectivity which the quarterly rate adjustment mechanism is intended to achieve.

Union is also proposing to implement through this QRAM the Board's decisions in; i) Union's 2014 DSM deferral account disposition proceeding [EB-2015-0276]; and ii) Union's 2015 deferral account balances and earnings sharing disposition proceeding [EB-2016-0118].

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

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 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.

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)
Intervenors of Record (EB-2015-0116)

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