

December 14, 2016

VIA RESS AND COURIER

Ms. Kirsten Walli
ONTARIO ENERGY BOARD
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Ian A. Mondrow
Direct: 416-369-4670
ian.mondrow@gowlingwlg.com

Assistant: Cathy Galler
Direct: 416-369-4570
cathy.galler@gowlingwlg.com

Dear Ms. Walli:

Re: EB-2016-0334: Union Gas Limited (Union) January 1, 2017 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 January 1, 2017. Based upon Aegent's advice, IGUA is satisfied that Union has properly followed the QRAM methodology for quarterly rate adjustments approved by the OEB's EB-2008-0106 Decision.

In conducting its review, Aegent has also considered:

1. Union's implementation of a Dawn Reference Price to set the gas supply commodity rates for Union South and the new Union North East Zone, as approved in the Dawn Reference Price proceeding (EB-2015-0181).
2. Implementation through the instant QRAM process of rate changes approved in Union's 2017 rate case (EB-2016-0245).
3. Reflection in the rates filed herein of the Interim Rate Order issued in Union's cap and trade compliance plan application (EB-2016-0296).

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

We note that:

1. Prior to filing the instant application, Union convened a conference call with representatives from IGUA and CME, the two parties which habitually review and offer comment on Union's QRAM applications. The call was convened to review a draft of the materials filed in support of the instant application, and in particular the changes in the filing structure attendant on the implementation of the Dawn Reference Price. IGUA appreciates Union's initiative in convening this call, which we found to be extremely helpful, in particular in light of the additional "layering in" through the instant application of Union's 2017 rate changes and interim Cap & Trade Compliance rate order.
2. Board Staff has asked Union for some additional Dawn pricing information, which we believe will be helpful in providing context for the rate increases applied for in the instant application. Any additional clarification that Union could provide to highlight, and isolate, the net customer impact of the shift to Dawn (as distinct from general price increases) would be helpful.

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 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 in this instance.

In the instant case, it is hoped that Aagent's careful consideration will provide the Board with additional comfort in respect of the appropriate treatment of the various "moving pieces" reflected in the applied for rates (i.e. the 2017 rate changes and the interim Cap & Trade compliance rate, in addition to the shift to a Dawn Reference Price).

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)
Vanessa Innis (Union)
Crawford Smith (Torys)
Intervenors of Record (EB-2016-0245)

TOR_LAW\ 9077316\1