

December 14, 2018

VIA RESS AND COURIER

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

Re: EB-2018-0315: Union Gas Limited (Union) January 1, 2019 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 for Enbridge Gas Inc.'s Union North West, Union North East and Union South rate zones as of January 1, 2019. 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.

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

Additional Comments

For the rate classes of primary interest to IGUA (M4, M5, M7, T1, T2, 20 and 100) rate impacts, if any, are small. Some IGUA members do take some system supply, and for system supply customers the rate and bill impacts arising from this QRAM are relatively significant.

Union has provided (Tab 2, page 8, figure 1) a graph of historical Alberta Border reference prices, which indicates that the current QRAM prices are consistent with historical seasonal price fluctuations. While the Dawn Reference Price now used for determining the supply charges for Union South and Union North East rate zones is a more recently developed reference, it would be helpful in future to have a similar presentation of historical seasonality in this reference price.

With respect to Union's discussion of the bill impacts for residential system supply customers in the North West, Union has also indicated that there are three additional decreases related to temporary charges that are effective January 1, 2019 and that will partially offset the increases resulting from the current QRAM¹, though these decreases are not included in the bill impact calculations presented in the filing. While IGUA agrees that the QRAM bill impacts are properly presented absent these additional decreases, it might assist the Board in considering the magnitude of the rate and bill impact of the current QRAM on general service system supply customers if Union provided Tab 2, Schedule 5 with these decreases included and thus the net impact on system supply customer rates and bills as of January 1st.

We further note that on December 6th, the National Energy Board approved increases to TransCanada's abandonment surcharges effective January 1, 2019, which are not reflected (no doubt due to timing) in the current QRAM application. We understand that the new surcharges will be implemented with the next QRAM filing and the resulting cost differences for the first quarter of 2019 will be recorded in the appropriate deferral accounts.

Union further notes that as part of Enbridge Gas' 2019 rates application Enbridge Gas will be proposing to close the Union North Tolls and Fuel [179.100] and Union North PGVA [179.105] deferral accounts, as the balances in these accounts are zero, they have been replaced by North West and North East specific accounts, and Union has thus removed the details of these accounts from the current application.² IGUA has tracked this transitional mechanism and supports the removal of these accounts from QRAM filings and the closure of these accounts.

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. Following receipt and review of Aegent's report, IGUA is either in a position to advise the Board that it has no cause for objection, as is the case in this instance, or is able to raise any specific and duly informed concerns with the application.

¹ Tab 2 page 9, lines 10-18.

² Tab 2, page 4, lines 19 to page 5 line 4.

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

- c. Dr. Shahrzad Rahbar (IGUA)
Vanessa Innis (Union)
Tania Persad (EGD)
Valerie Young (Aegent)
Intervenors of Record (EB-2017-0087)

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