December 17, 2018

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VIA RESS AND COURIER

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

Re: EB-2018-0313: Enbridge Gas Distribution Inc. (EGD) 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 EGD's Application for quarterly adjustment of rates (QRAM) to be effective January 1, 2019. Based upon Aegent's advice, IGUA is satisfied that EGD has properly followed the QRAM methodology approved by the OEB's EB-2008-0106 Decision.

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

Additional Comments

Consistent with Union's January 1, 2019 QRAM filing[1] EGD's Empress, Alberta commodity price starting point for its QRAM proposal has increased by $0.5906.m^3. Nonetheless, for typical transportation service (T-service) customers in the rate classes generally applicable to IGUA's members - 110, 115 and 170 - the average QRAM related bill impacts are decreases in the range of $0.6/m^3 (excluding the impact of Rider C adjustment). It is IGUA's understanding that T-service customer impacts are bill decreases despite, indeed as a result of, the increase in the price of gas at Empress, Alberta, given EGD's methodology for deriving transportation and load balancing charges related to its non-Alberta originating gas supplies.

[1] See EB-2018-0315, Tab 2, page 3, Figure 1.

For gas supplies other than those originating at Empress, Alberta, EGD compares the costs of these non-Alberta supplies to its Empress reference price and attributes the difference to transportation and load balancing costs for these supplies, which are costs paid by transportation service customers who purchase their own gas supply. Accordingly, an increase in the Empress based reference price relative to EGD's (higher) non-Empress landed Ontario supply costs results in a decrease in the differential ("basis") between the Empress reference price and the (higher) EGD landed supply price. This decreased basis translates, using EGD's methodology for deriving transportation and load balancing charges, to a decrease in these charges.

IGUA also notes that EGD explains in its filing[2] an error that it made in the determination of Rider C in its October, 2018 QRAM application, which resulted in an over collection from customers in Q4, 2018. The true-up between forecast and actual recovery amounts for an October QRAM are typically disposed of in the subsequent April QRAM, when actual results from the previous October's forecast of recovery in the ensuing quarter (through December) are known. Accordingly EGD's proposal to address its October, 2018 QRAM error through its upcoming April, 2019 QRAM seems reasonable.

Aegent has also reviewed EGD's implementation of the Board's decision on disposition of EGD's 2017 deferral and variance account balances[3] and has concluded that implementation to be consistent with that decision.

As IGUA noted in commenting on Union's January, 2019 QRAM application, on December 6th the National Energy Board (NEB) approved an increase to TransCanada's abandonment surcharges effective January 1, 2019[4]. IGUA understands that due to the timing of the NEB's decision relative to the filing of the instant QRAM application EGD will capture these transportation cost changes in its April, 2019 QRAM application and will record the differences between transportation costs and associated recoveries in the PGVA. This approach seems reasonable.

We further note that on December 13th the NEB issued a decision on TransCanada's tolls for the 2018-2020 period[5], the implementation of which through a compliance filing by TransCanada by January 31, 2019 will materially reduce tolls. IGUA assumes that these changes too will be reflected in EGD's April, 2019 QRAM filing, and any intervening variances will similarly be recorded in the PGVA for disposition through the April, 2019 QRAM process.

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 EGD's QRAM.

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[2] Exhibit Q1-2, Tab 4, Schedule 1, page 4, paragraph 11.
[3] EB-2018-0131
[4] NEB Order TG-010-2018
[5] NEB Docket RH-001-2018

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 of any concerns or, as is the case in this instance, that it has no cause for objection.

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 Mondrow

Ian A. Mondrow

c. Dr. Shahrzad Rahbar (IGUA)
Kevin Culbert (EGD)
Tania Persad (EGD)
Fred Cass (Aird & Berlis LLP)
Valerie Young (Aegent)
Intervenors of Record (EB-2017-0086)

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