Aiken & Associates
578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6

Phone: (519) 351-8624
Fax: (519) 351-4331
E-mail: raiken@xcelco.on.ca

July 16, 2008

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ms. Walli:

Re: EB-2008-0106 – Draft Issues List

Procedural Order No. 1 in the above noted proceeding dated July 9, 2008 requested that any parties that wished to make written submissions on the draft issues list attached as Appendix B to the Procedural Order should file the submissions with the Board and deliver a copy of the submissions to all other parties on or before July 24, 2008.

This is the written submission of the London Property Management Association ("LPMA") and the Building Owners and Managers Association of the Greater Toronto Area ("BOMA").

LPMA & BOMA are concerned that the draft issues list does not include any issues that relate to "should". In other words, should the methodologies for commodity pricing, load balancing and cost allocation for natural gas distributors be the same for all natural gas distributors? Until the distributors file their methodologies and their rationale for those methodologies, the Board cannot determine that the methodologies should or could be standardized across the three distributors.

Below are specific recommendations of LPMA & BOMA for the issues list.

1. Issue 2 is related to the price adjustment frequency and forecast periods, but there is no separation of these two sub-issues in 2.1 and 2.2.

The following is proposed to replace issues 2.1 and 2.2:

2.1 Is a price adjustment based on a 12-month price forecast appropriate for the regulated gas supply option?

2.2 If not, what alternative forecast period or methodology would be most appropriate for use by all natural gas distributors?

2.3 Is a quarterly price adjustment appropriate for the regulated gas supply option?

2.4 If not, what alternative frequency would be most appropriate for use by all natural gas distributors?

This proposal provides a better separation of the forecast period/methodology and the frequency of forecasts.

2. Issue 3 does not appear to address whether or not actual contracted prices for the forecast period should be used in the calculation of the reference prices.

It is proposed that the following be added:

3.3 Should the reference price be calculated using actual contracted prices (where applicable) for the appropriate volumes at each of the different pricing (delivery) points so that it reflects current distributor-specific purchase activity?

In addition, it may be useful to look at having Board Staff calculate the average price indexes for the forecast period rather than have each distributor calculate this information individually. As noted in the preamble to Issue 2, the three distributors use different strips for the basis of the 12 month forecast of the price of natural gas. In addition, it is most likely the case that even where the distributors use a 21 day strip, for example, there is no consistency in the actual 21 days used. This would result in different average prices for each delivery point. In light of the above, LPMA & BOMA suggest the addition of the following issues.

3.4 Should Board Staff calculate the price index for each delivery point required for Enbridge, Union Gas and NRG, and provide this information to each of the distributors in a timely manner so that this information can be used to calculate a reference price that is a weighted average of the forecast indices and actual contracted prices?

3.5 Should Board Staff provide the distributors with the appropriate upstream (eg. TCPL) tolls to be used for the forecast period?

3. Issue 4 relates to the deferral and variance accounts and disposition methodology.

The preamble in this section repeatedly refers to forecast consumption for the remainder of the test year. This information may not be available for all distributors. While the information may be available for Enbridge, based on its revenue per customer cap filings each year, it will not be available for Union which is under a price cap. There is no forecast volumes and no test year. NRG has not had a test year for each and every year, similar to Union when Union was under cost of service regulation. Further it is not clear that Enbridge would have a volume forecast disaggregated between system gas volumes and direct purchase volumes.

In light of the above, the following issue is suggested:

4.5 As a result of incentive regulation and the absence of system gas consumption forecasts and test years, what are the implications on any of the methodologies used to dispose of the balances in the accounts?

The following issue is also suggested.

4.6 Given the seasonal consumption patterns of most customers, what is the impact on those customers of the various methodologies proposed?

4. Issue 7 relates to filing requirements.

LPMA & BOMA suggest that the first issue under this heading should be:

7.1 Are standard filing requirements required and/or possible given the different nature of the distributors?

5. Issue 8 relates to the review and standardization of load balancing obligations for all natural gas distributors.

These issues need to be further clarified. It appears, for example, that the reference to Union's three-point balancing mechanism relates only to bundled direct purchase customers. What about the semi-bundled customers (rates T1 and T3) and/or the fully unbundled customers (U series of rates). It is unclear whether the load balancing obligations of these customers are at issue, as is whether or not the load balancing for system gas customers and the mechanisms used by the distributors is at issue.

It is LPMA & BOMA's understanding that direct purchase customers that draft Union's system may be required to provide Union with a letter of credit or some other form of financial security based on the level of this drafting. It is suggested that the following issues be added to address this:

8.3 Is any financial security required from direct purchase customers that draft a distributor's system? If so, how is this amount calculated?

8.4 If a distributor drafts the volumes of a direct purchase customer (i.e. a direct purchase customer always has a positive banked gas volume) what are the implications/costs/benefits for system gas customers? How are these costs/benefits reflected in the system gas cost?

6. Issue 9 deals with cost allocation

It is unclear whether the costs referenced in issue 9.1 include rate base, working capital allowance or gas in inventory related costs. This should be clarified.

Sincerely,

Randy Aiken

Randy Aiken
Aiken & Associates