Macleod Dixon LLP
Lawyers
Calgary
Toronto
Moscow
Almaty/Atyrau
Caracas
Rio de Janeiro

Ian A. Mondrow
Counsel
Direct Phone: (416) 203-4435
E-mail: ian.mondrow@macleoddixon.com

Shary Chui
Assistant
Direct Phone: (416) 202-6721
E-mail: shary.chui@macleoddixon.com

September 10, 2008

Kirsten Walli, Board Secretary
ONTARIO ENERGY BOARD
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E5

Dear Ms. Walli:

Re: EB-2008-0263 - Enbridge Gas Distribution's (EGD) October 1st QRAM Application.

We write as legal counsel to the Industrial Gas Users Association (IGUA). IGUA's advisors have reviewed EGD's Application for quarterly adjustment of rates (QRAM) to be effective October 1st, 2008. Based upon their advice, and conformance of EGD's application with the Board approved QRAM process, IGUA accepts EGD's proposed QRAM, as filed, though records below a concern regarding the evidence in support of EGD's proposal to clear the forecast PGVA balance over 6 months rather than 3 months.

I would note that the filing of this letter of comment after the September 5th filing date set out by EGD in its Application materials is the result solely of the writer's lack of familiarity with the EGD QRAM process, in particular as compared to the Union Gas QRAM process (in which a Procedural Order setting dates is issued by the Board). I apologize to the Board and to EGD for any inconvenience that filing at this time may cause, but ask that IGUA's comments be accepted nonetheless.

Comments.

IGUA offers brief comment in three areas regarding this Application.

First, IGUA wishes to underscore its continuing concerns with rising TCPL mainline tolls. IGUA commented on the impact of rising transportation costs on large volume Ontario gas consumers in its submission regarding EGD's July 1st, 2008 QRAM [IGUA June 6, 2008 Submission in EB-2008-0069]. In that submission IGUA noted:

> *"…combined with the impact of TCPL toll increases, the recent run up in gas costs has resulted in proposed July 1st rate changes that are significant…For large volume customers, EGD's bill comparison for typical T-services customers shows average bill increases ranging from approximately 13% to 30%...".*

In the instant Application, the impact on EGD's load balancing charges of further increases in TCPL tolls are more than offsetting the impact of softening gas prices on delivery charges for various classes of large-volume customers. Specifically, the load balancing increases of about 0.2 cents/m^3 offset delivery charge decreases for large-volume customers ranging from about 0.02 cents/m^3 to approximately 0.05/m^3 for Rate 100 customers. The overall bill impacts on typical large-volume T-service customers of the rates proposed in this application will be <u>in</u>creases ranging from about 1% to about 5%.

IGUA is not suggesting that TCPL toll increases are under the control of EGD or the OEB, or that the QRAM methodology is not working as intended. IGUA merely wishes to alert the Board and other interested parties to its continuing concerns regarding the impact on Ontario gas customers of rising TCPL tolls.

IGUA's second comment relates to EGD's proposal to clear the forecast year end PGVA balance over 2 quarters rather than by the end of calendar year 2008. In general, IGUA endorses clearance of regulated rate adjustments in the shortest practical time frame. EGD is afforded the discretion in the Board approved EGD QRAM methodology to extend the period of recovery in the last quarterly rate adjustment. That discretion is granted subject to the following direction: *Enbridge must demonstrate, when selecting the extended period, that such a deviation from the standard clearing practice is reasonable under the circumstances"* [ExQ4-1/T2/S1/AppendixA/p4, paragraph (c)].

EGD has addressed the proposed exercise of its discretion to extend the recovery period for its currently forecast year end PGVA debit as follows: [ExQ4-2/T4/S1/p3, in paragraph 7]

> *Extending the rider over an additional period results in a more appropriate alignment of forecast lower cost of gas purchases and customers net gas supply rate inclusive of the rider.*

IGUA invites EGD in its reply submissions to provide further explanation of the circumstances in which EGD proposes that it is reasonable to deviate from the standard clearing practice of 3 months.

IGUA's third comment is merely to note that EGD's October 1st rate schedules for Rates 315 and 316 now appropriately reflect the Board approved wording stemming from the Board's recent storage allocation decision and related rate order [EB-2007-0725].

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.

IGUA reviews QRAM applications as a matter of course, in order to properly discharge its mandate and responsibility to protect its members' interests in respect of gas regulatory matters, including appropriate application of the Board approved quarterly rate adjustment mechanism. IGUA has, in the past, been awarded modest costs for review of QRAM applications. In making such awards IGUA respectfully submits that the Board has recognized some value (commensurate with modest costs) in the independent and informed review of such applications that IGUA provides.

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 the case with QRAM applications. IGUA has retained Aegent Energy Advisors Inc., whose professionals are expert in Ontario gas commercial and regulatory matters, including rate matters in particular. Aegent conducts a cursory review of the 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 respect of the instant application. In this instance, IGUA has offered additional comments on the impact of transportation cost increases, EGD's proposal to clear forecast PGVA balances over two quarters, and the reflection in rate schedules of the Board's recent storage allocation decision and associated rate order.

IGUA submits that through the process described above, IGUA is acting responsibly and informing the Board's review and decision on the application, while maintaining due attention to cost efficiency. On this basis, IGUA is requesting an award of costs for its participation in this process.

Sincerely,
MACLEOD DIXON LLP

Ian A. Mondrow

c. Murray Newton, IGUA
Norm Ryckman, EGD
Tania Persad, EGD
Valerie Young, AEGENT ENERGY ADVISORS INC.