



By E-mail

July 6, 2007

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Ontario Energy Board  
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Dear Ms Walli

**Notice of Applications and Combined Proceeding  
Enbridge Gas Distribution Inc. and Union Gas Limited Rates for 2008**

**Enbridge Gas Distribution Inc.**  
**Board File No.: EB-2007-0615**  
**Our File No.: 302701-000411**

**Union Gas Limited**  
**Board File No.: EB-2007-0606**  
**Our File No.: 302701-000411**

As solicitors for the Industrial Gas Users Association ("IGUA"), we are writing to express our client's concerns with the deadlines established in Procedural Order No. 1 for the delivery of evidence by Enbridge Gas Distribution Inc. ("Enbridge" or "EGD") and Union Gas Limited ("Union"), collectively described in the Procedural Order as the Companies, and the related deadlines for intervenors wishing to present evidence in response to the evidence submitted by the Companies.

Related to this concern is the proposal now made by Union in its letter to the Board of July 3, 2007, to effectively sever the combined hearing of the Applications by EGD and Union for Multi-Year Incentive Rate ("IR") Regimes. A letter from counsel for EGD to the Board dated June 28, 2007, while not proposing the severance of the combined proceeding, states that:

"EGDI would ... not object if the Board chose to separate the Union and Enbridge proceedings."

IGUA suggests that the primary purpose of the combined proceeding is to assure that issues common to the IR proposals of EGD and Union, and the IR proposals of other parties in response thereto, are considered at the same time. In this context, we suggest that, at this time, it is inappropriate and premature to consider the extent to which the combined proceeding can and should be severed. That determination should only be made after all of the evidence of EGD and Union, and the evidence of other parties has been filed.

At this stage, it matters not that Union is proposing a Price Cap Regime and that EGD may now be leaning towards a Revenue Cap Regime. Other parties may well propose that the IR Regimes applicable to EGD and Union be similar or the same, and that the range of appropriate options is not limited to price cap and/or revenue cap regimes. The views of all parties and their witnesses on the pros and cons of price caps versus revenue caps and other IR alternatives should be considered before any decision is made with respect to the IR Regime to apply to either EGD or Union.

A severance of the combined application now defeats the efficiency and cost reduction features of the combined proceeding. Issues common to a consideration of all of the IR Regime alternatives should

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be heard in this combined proceeding rather than in separate proceedings for EGD and Union. These issues should be heard and considered by the Board once, but not twice.

With respect to the evidence filing and other deadlines contained in Procedural Order No. 1, we support the point made by counsel for EGD in her letter to the Board dated June 28, 2007, that, prior to the issuance of the Procedural Order, EGD made it clear to the Board and everyone else that it could not complete its evidence in these proceedings until about four (4) weeks after the date the Board released its Decision with Reasons with respect to EGD's 2007 Rate Case. We understand that the Board's Decision in EGD's 2007 Rate Case will be released on Thursday, July 5, 2007. In these circumstances, we respectfully suggest that the deadline for evidence from the Companies should be postponed from the July 9, 2007 date specified in Procedural Order No. 1 to August 7, 2007. As a consequence, we suggest that all other deadlines in Procedural Order No. 1 should be pushed back by a period of four (4) weeks.

We also agree with the observations made by Mr. Warren in his letter to the Board of June 29, 2007, that the time limits the Board establishes should take into consideration the fact that participants in this combined proceeding will have scheduled summer vacations some time ago, which cannot be changed without considerable inconvenience to the participants and their families.

After EGD has filed its supporting evidence and intervenors (and possibly Board Staff) have filed their evidence responding to the proposals made by EGD and Union, then all issues common to the EGD and Union Applications and the responses thereto should be identified and dealt with in this combined proceeding.

On behalf of IGUA, we respectfully submit that care needs to be taken to assure that the pros and cons of the different IR Regimes being proposed by EGD, Union, and Intervenors are fully tested and carefully considered. A rushed consideration of these important matters is not in the interests of either the utilities or its ratepayers. All stakeholders, including the Board, need to assure that all of the implications of the IR Regime(s) the Board eventually approves for EGD and Union will have been thoroughly and carefully examined so that the Regime(s) will operate to produce rates which are just and reasonable in each of the years during which the IR Regime(s) apply.

Please take these submissions into account when considering the contents of Ms Newland's letter to the Board of June 28, 2007, Mr. Warren's letter to the Board of June 29, 2007, and Ms Burns's letter to the Board of July 3, 2007.

Please contact me if you require any additional information.

Yours very truly



Peter C.P. Thompson, Q.C.

PCT\slc

- c. Patrick Hoey (Enbridge Gas Distribution Inc.)
- Connie Burns (Union Gas Limited)
- Helen Newland (Fraser Milner Casgrain LLP)
- Michael Penny (Torys)
- All Interested Parties
- Murray Newton (Industrial Gas Users Association)
- Vince DeRose (Borden Ladner Gervais)

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