

December 5, 2008

Kirsten Walli, Board Secretary
ONTARIO ENERGY BOARD
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Re: EB-2008-0106 - Methodologies for Commodity Pricing, Load Balancing and Cost Allocation for Natural Gas Distributors.

Industrial Gas Users Association ("IGUA") Interrogatories to Union Gas Limited and Enbridge Gas Distribution

Enclosed please find interrogatories to Union Gas Limited and Enbridge Gas Distribution for the above-referenced proceeding.

If you have any questions or concerns please do not hesitate to contact me.

Your truly,



Nicki Pellegrini
Regulatory Coordinator

Encl.

- c. Murray Newton (IGUA)
Patrick Hoey (Enbridge)
Mark Kitchen (Union Gas)
Chuck Hindley (Natural Resources Gas Limited)
Valerie Young, AEGENT
Intervenors

EB-2008-0106
Methodologies for Commodity Pricing, Load Balancing, and Cost Allocation for
Natural Gas Distributors

INTERROGATORIES OF THE INDUSTRIAL GAS USERS ASSOCIATION FOR
ENBRIDGE GAS DISTRIBUTION

1. Issue 4.3

Ref: Exhibit E1, pages 16-18

- a. EGD indicates at paragraph 53 that under its proposal to adopt Union's methodology for disposing of amounts in the PGVA, it will identify on a quarterly basis the elements of the PGVA attributable to commodity, transportation and load balancing and then determine individual riders to apply to sales service, western bundled T-service and Ontario T-service customers. Please list the elements of the PGVA that would be included in the riders for western bundled T-service customers and for Ontario T-service customers.
- b. With reference to paragraph 51, please provide for the years 2005 to 2007 the amounts by PGVA component that were determined to be attributable to direct purchase customers. Please provide an estimate of these same components for 2008.
- c. Has EGD discussed with its large-volume T-service customers, its proposal to adopt Union's methodology for disposing of amounts in the PGVA? If yes, please summarize the feedback received from those customer discussions. If no, what are EGD's plans for communicating with its customers on this proposal?

2. Issues 5.1 and 5.2

Ref: Exhibit E1, pages 20-25

Please list all of the components of the revenue requirement that are adjusted as part of the quarterly rate adjustment mechanism and categorize them according to delivery, load balancing, transportation, and gas supply.

3. Issue 8.1

Ref: Exhibit E1, pages 31-39

- a. In paragraphs 101 and 104, EGD refers to gas being purchased or sold at a price that compensates EGD for sourcing or disposing of gas remaining in a customer's BGA. Please demonstrate how the formula for pricing this gas compensates EGD.
- b. With reference to paragraphs 110 and 111, please confirm that if half of the Rate 110 or Rate 115 customers by volume took substantially more than forecast in a cold period of the winter season while the other half took exactly their forecast volumes, all Rate 110 or Rate 115 customers would share equally in the cost of balancing.
- c. With reference to paragraph 115, direct purchase customers of Union generally have an obligation to deliver gas at Union CDA. Please explain in what material way a suspension/make-up at Union CDA differs from a suspension/make-up at Enbridge CDA with respect to the benefits of trading at Dawn.

- d. With reference to paragraph 120, for a February checkpoint for example, mandatory mitigation would be make-up (incremental supply) since a customer can be long but not short. Please explain how this mitigation measure would put the system supply at risk.
- e. With reference to paragraph 122, please explain how there would be no benefit to ratepayers with an approach to load balancing that results in customers who have balanced their loads not having to share the cost of balancing other customers' loads.

4. Issue 8.4

Ref: Exhibit E1, page 39; Technical Conference Transcript (November 27, 2008), page 158

- a. Please list the provisions associated with EGD's proposed MCV re-establishment process; e.g., who initiates the re-establishment, how is the re-establishment initiated, under what circumstances, the threshold level, etc.
- b. If the provisions requested in part (a) are not available, please indicate when the specifics of the proposal will be available and on what their development depends.

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INTERROGATORIES OF THE INDUSTRIAL GAS USERS ASSOCIATION FOR UNION GAS

1. Issues 5.1 and 5.2

Ref: Exhibit E2, pages 32-33

- a. Please provide the balances in the Intra-Period WACOG deferral account for the years 2005 to 2007 that were subject to the annual deferral account disposition. Please also provide an estimate of the 2008 year-end balance for the same deferral account.
- b. For each of the balances in part (a), please provide the amount of the total that was, or will be, the responsibility of the contract rate classes.
- c. Has Union discussed with its contract rate customers, its proposal to replace the annual disposition of the balance in the Intra-Period WACOG account with a quarterly resetting of distribution rates to update the delivery-related cost of gas items with the QRAM reference price? If yes, please summarize the feedback received from those customer discussions. If no, what are Union's plans for communicating with its customers on this proposal?

2. Issue 8.1

Ref: Exhibit E2, page 45

For the past two years, please provide the percentage of Southern Operations Area direct purchase contracts by number and volume that were long and short relative to forecast as of the end of February and end of September checkpoints.