



By electronic filing and by e-mail

December 5, 2008

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto ON M4P 1E4

Dear Ms Walli,

**Commodity Pricing, Load Balancing and Cost Allocation Methodologies
for Natural Gas Distributors in Relation to Regulated Gas Supply**

Board File No.: EB-2008-0106
Our File No.: 339583-000009

Enclosed please find the Interrogatories of Canadian Manufacturers & Exporters ("CME") to Enbridge Gas Distribution Inc. ("EGD"), to Union Gas Limited ("Union") and to NRG.

Please contact me if you require any further information.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Peter C.P. Thompson', is written over a horizontal line.

Peter C.P. Thompson, Q.C.

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enclosure

c. All Interested Parties
Paul Clipsham (CME)

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Borden Ladner Gervais LLP
Lawyers • Patent & Trade-mark Agents
World Exchange Plaza
100 Queen Street, Suite 1100
Ottawa ON K1P 1J9
tel.: (613) 237-5160 fax: (613) 230-8842
www.blgcanada.com

PETER C.P. THOMPSON, Q.C.
direct tel.: (613) 787-3528
e-mail: pthompson@blgcanada.com

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IN THE MATTER OF a proceeding initiated by the Ontario Energy Board to determine methodologies for commodity pricing, load balancing and cost allocation for natural gas distributors.

**Interrogatories of
Canadian Manufacturers & Exporters (“CME”) to
Enbridge Gas Distribution Inc. (“EGD”),
Union Gas Limited (“Union”) and NRG**

Issues A – QRAM Review

Ref: November 27, 2008 Technical Conference Transcript, pages 65 to 83

Utility Policies

1. Would each utility please provide a statement of policy which summarizes the periodic rate adjustment mechanism each of them proposes to apply to reflect changes in the commodity price of “12 month” gas. Please include in these policy statements a brief description of the following items:
 - (a) The trading point at which changes in the commodity price of “12 month” gas will be measured.
 - (b) The information and methodology that will be used to measure changes in the commodity price of “12 month” gas at that point.
 - (c) A list of each of the components of utility rates that will be affected by a change in the commodity price of “12 month” gas at that trading point, such as, for example, the following:
 - gas commodity charge
 - the carrying cost of gas in inventory, including an identification of the particular component of regulated rates in which that gas-related cost is recovered, i.e. the regulated transportation charge, the load balancing/storage charge and/or commodity charge
 - unaccounted for gas, including the identification of the component of rates in which that item of gas-related costs is recovered
 - compressor fuel, including an identification of the component rate in which that item of gas-related cost is recovered

- any other gas-related costs and the components of the rates affected thereby

Method for Calculating the Reference Price

2. Would each utility please describe the precise meaning it ascribes to the phrase "Reference Price".

Utility Products or Services Sold in Competitive Markets

3. Would each utility please describe the regulated products or services it provides in competition with unregulated gas commodity sellers.
4. Would each utility please produce any advertising materials they have in their possession which reveal how unregulated gas sellers compete with the regulated products and/or services utilities offer in competition with unregulated gas sellers.

Filing Requirements

5. Would each utility please provide, in point form, a complete step by step summary of the process each of them proposes to follow to periodically update regulated rates to reflect changes in the commodity price of "12 month" gas. Please attach to the step by step summary description of the process each utility proposes to follow a sample of the gas cost schedules and other schedules each utility proposes to file with the Board.
6. Using the schedules attached to the response to the previous question, please illustrate each of the changes that will occur in the line items of each schedule with an assumed \$1/GJ change in the commodity price of "12 month" gas at Empress.
7. Using the response to the previous question, please describe and attach schedules to show how changes in the utility cost of gas arising from an assumed \$1/GJ change in the commodity cost of "12 month" gas at Empress are affected by the cost allocation process and, in particular, describe and attach schedules to show how the utility cost of gas is allocated between commodity costs, transportation costs, and storage and/or load balancing costs.

Other Revenue Requirement Items

8. Would each utility please provide a step by step description of the manner in which a change in the commodity cost of "12 month" gas at the reference point affects the other gas-related revenue requirement items in rates such as the carrying cost of gas and inventory, unaccounted for gas, compressor fuel, etc. Please attach schedules to the response to illustrate how a \$1/GJ change in the commodity cost of gas affects each of these components of rates.

Issue B – Load Balancing Review

Ref: November 27, 2008 Technical Conference Transcript, pages 123 to 138

Utility Policies

9. Would each utility please provide a statement of policy which summarizes the load balancing services they propose to provide to direct purchasers using bundled delivery services. Please include in these policy statements a concise description of the manner each utility proposes to establish and re-establish the Daily Contract Quantity (“DCQ”) or the Mean Daily Volume (“MDV”) of direct purchasers acquiring bundled delivery services from each utility.

Issue C – Cost Allocation Review

Ref: November 28, 2008 Technical Conference Transcript, pages 18 to 27

Methodology for Identifying and Allocating Costs between System Gas Customers and Direct Purchasers

10. Would each utility please provide a concise description of the cost allocation methodology it proposes to apply to determine the charges to be recovered from system gas customers as a System Gas Administration Fee and the charges to be recovered from direct purchasers as a Direct Purchase Administration Fee.
11. Please list each of the activities or resources that is considered when applying the cost allocation methodology described in response to the previous question and provide a step by step description of the manner in which the costs of each activity or resource attributable to system gas customers and to direct purchasers are identified and allocated.
12. Would each utility please specify how frequently they propose to update their System Gas Administration and Direct Purchase Administration Fees.