

**COMMENTS ON THE
GAS DISTRIBUTION ACCESS RULE
BY NATURAL RESOURCE GAS LIMITED AND SIX NATIONS NATURAL
GAS COMPANY LIMITED**

The Ontario Energy Board (“Board”) proposes to make a Rule under section 44 of the Ontario Energy Board Act, 1998, S.O. 1998 c.15 Sch. B., relating to gas distributors and access to distribution services. By way of a letter dated February 6, 2001, the Board has invited parties to make comments on all paragraphs of the proposed Rule.

The following are the joint comments of Natural Resource Gas Limited (“NRG”) and the Six Nations Natural Gas Company Limited (“Six Nations”), both of which are “embedded distributors” served by Union Gas. The section and paragraph numbers listed below correspond to the section and paragraph numbers in the Proposed Gas Distribution Access Rule, dated February 6, 2001.

NRG and Six Nations have identified a number of areas where exemptions will be required. These areas have been identified below, along with the reason for the required exemption.

1.2 Definitions

The definition of “**ABC T-Service**” or “**Agent, Billing and Collection T-Service**” does not reflect the ABC T-Service offered by NRG. NRG is a bundled customer of Union Gas, and as such, receives storage and load balancing services through the M9 rate. These services are provided to NRG upstream of its distribution system. In addition NRG offers the ABC T-Service based on the cost of Ontario-delivered gas. Gas vendors are responsible for the transportation and delivery of gas purchased outside of Ontario. If any of the transportation capacity used by the gas vendor has been assigned from NRG from that assigned to NRG by Union Gas, the gas vendor is billed for that capacity by NRG.

Six Nations does not currently offer an ABC T-Service. However, it is in the same situation as NRG in that it receives storage and load balancing services from Union Gas through the bundled M9 rate.

NRG and Six Nations request that the definition for “ABC T-Service” be amended to reflect “the provision of the following services by a distributor to a gas vendor where applicable”.

NRG and Six Nations also request that the definition of a “**customer**” be clarified. NRG and Six Nations wish to ensure that the definition of a “person” includes embedded distributors to reflect the fact that embedded distributors are purchasing distribution services from another distributor. A proposed clarification is that a customer “means a person, including an embedded distributor, who purchases and/or receives distribution services”.

The definition of a “**Service Level Agreement**” or “**SLA**” should be restricted to “the agreement that sets out the relationship between a distributor and either a direct purchase customer or gas vendor”. The current definition is all encompassing in that it would require the distributor to have a service level agreement with all customers, including each system gas customer. This would be clearly be unworkable.

2.1 Eligibility

Paragraph 2.1.1

A definition of a “**delivery point**” is required. For example, is the delivery point the meter location or the take-off from the main? Situations currently exist in which a customer in the franchise area of one distributor is connected directly to the distribution system of another distributor. In such situations, the definition of a delivery point is crucial. The meter location would likely be in the franchise area of one distributor, but the take-off from the main would be in the franchise area of the other distributor.

NRG and Six Nations also suggest that paragraph 2.1.1 be amended by changing “in a franchise area” to “in the franchise area of the distributor”.

3.1 Supply Priority

Paragraph 3.1.1

NRG and Six Nations request that that this paragraph be amended to exclude the curtailment or interruption of embedded distributors. The following change is proposed: “a distributor may, at its discretion, curtail or interrupt the provision of gas and distribution service(s) to some firm service customers, excluding embedded distributors, so that service may be maintained to other firm service customers”.

A distributor serving an embedded distributor may request that the embedded distributor curtail or interrupt the provision of gas service and distribution service(s) during an emergency. However, any curtailment or interruption must be at the discretion of the

embedded distributor and be based upon the embedded distributor's customers. The criteria listed in paragraph 3.1.1 can only be applied by the distributor to which the customers are connected. The criteria cannot be imposed by the distributor serving the embedded distributor.

4.1 Filing Requirements

Paragraph 4.1.1

NRG and Six Nations request an exemption from filing its written policy statements associated with the standard rate impact. The standard rate impact resulting from the expansion of service is not calculated by either distributor.

4.2 Expansion of Service

Paragraphs 4.2.1 and 4.2.2

NRG and Six Nations request an exemption from both of these paragraphs with respect to the E.B.O. 188 Report. Both paragraphs make reference to the guidelines set out in the E.B.O. 188 Report. As noted in Section 1.2, the definition of the E.B.O. 188 Report is the "*Report of the Board, January 30, 1998 in the Matter of a Hearing to Inquire into, Hear and Determine Matters Relating to Natural Gas System Expansion for The Consumers' Gas Company Ltd., Union Gas Limited and Centra Gas Ontario Inc.*". In particular, paragraph 1.1.15 of the Report states "As of January 1, 1998, Union and Centra merged into a single company, Union Gas Limited. The Board's findings in this Report and in the Guidelines are applicable to the new company and to Consumers Gas".

As part of the E.B.R.O. 496 ADR Agreement, dated April 16, 1998, it was agreed that the E.B.O. 188 Report was not binding on NRG. It was agreed that NRG would make adjustments to its DCF model to the extent that the principles of E.B.O. 188 were considered appropriate to NRG.

5 Distributor-Gas Vendor Relations

Paragraph 5.2

NRG and Six Nations request that the five day timeframe referenced in paragraph 5.2 be changed to thirty days for small distributors such as NRG and Six Nations.

Small utilities may require a longer period to provide the information to gas vendors because of the limited number of staff at small distributors. The small number of staff does not allow these distributors to have backup staff capabilities in all administrative areas. If the individual responsible for providing the information to gas vendors is on

vacation for an extended period (for example, two or three weeks) or off sick for an extended period of time, the information may not be available for several weeks after the individual has returned to the office.

5.3 Service Level Agreement

Paragraph 5.3.1

This paragraph refers to a “**standard**” Service Level Agreement. NRG and Six Nations request that the definition of “standard” be clarified. Is the standard SLA standard across all distributors in the province or is the reference to a standard SLA for each distributor? If the reference is to a provincial standard, then NRG and Six Nations request an exemption from this standard. As noted above, NRG and Six Nations receive a bundled service from Union Gas and may not be in a position to offer the same level of services as that offered by the larger, integrated distributors.

6 Service Transaction Requests

NRG and Six Nations request an exemption from Section 6. This request is made on the basis that the costs incurred to comply with this section would be significant, while any benefits achieved would be minimal, given the number of customers served by small distributors.

In the event that the Board denies an exemption from Section 6, NRG and Six Nations request the following with respect to the paragraphs in Section 6:

Paragraph 6.1.1

The direction received from a customer should be written, not verbal.

Paragraph 6.3.3.2

NRG and Six Nations request that the fourteen day time frame referenced in this paragraph be changed to thirty days for the same reasons as outlined above under paragraph 5.2.

Paragraph 6.4.3

NRG and Six Nations request an exemption from this paragraph. The cost for the first special meter read requested by a party could be significant to the small distributors. The number of special meter reads requested under a single direct purchase contract could be more than the capability of the utility to read at a single time. This would require the utility to incur significant additional costs to read these meters.

The paragraph indicates that the transfer from system gas to a gas vendor shall take effect on the first day of the month which follows the date when the distributor has completed processing the STR. Clarification is required as to when the STR processing is completed. An STR is defined as a process that **initiates** a change from current service provisions to alternate service provisions. NRG and Six Nations request that this be changed such that the “transfer from system gas to a gas vendor shall take effect on the first day of the month which follows the date when the distributor has completed processing the STR **and has received a signed contract from the gas vendor**”.

7.1 Limitations

Paragraph 7.1.1

NRG and Six Nations request an exemption from this paragraph. Both of these distributors operate ancillary programs, such as water heater rentals, that require them to collect and use data beyond that allowed in paragraph 7.1.1.

7.3 Release of Information

Paragraphs 7.3.1 and 7.3.2

NRG and Six Nations request that the ten days referenced in each of these paragraphs be changed to 30 days for small distributors for the same reasons as outlined under paragraph 5.2.

8.3 Billing Option

Paragraph 8.3.1

NRG and Six Nations request an exemption with respect to offering gas vendors the option of gas vendor consolidated billing. The cost to provide this option is significant given the relatively small number of customers in these small distributors. If such an option is mandated, NRG and Six Nations request that the distributors be allowed to charge these costs to the gas vendors.

8.4 Information Disclosed on Bills

Paragraph 8.4.1

NRG and Six Nations request an exemption from the disclosure of additional service components if requested by a customer or gas vendor. NRG and Six Nations do not have rates unbundled to the extent suggested in this paragraph. Even with fully unbundled

rates, this paragraph would imply the customization of the information disclosed on the bill for each and every customer. This proposition would be extremely costly.

9.3 Policy Parameters

Paragraphs 9.3.1 and 9.3.2

NRG and Six Nations request that embedded distributors be removed from the list of parties from which a distributor may require security arrangements.

In the event that the Board does not remove embedded distributors from the list of parties that may be required to provide security arrangements, NRG and Six Nations request that an additional paragraph be added in Section 9.3 that would specify the maximum security deposit required of an embedded distributor. This maximum security should not exceed 2.5 times the highest monthly bill expected to be incurred over a continuous 12 month period for storage and transportation services directly contracted for by the embedded distributor.