



EB-2005-0551

IN THE MATTER OF a proceeding initiated by the Ontario Energy Board to determine whether it should order new rates for the provision of natural gas, transmission, distribution and storage services to gas-fired generators (and other qualified customers) and whether the Board should refrain from regulating the rates for storage of gas.

PROCEDURAL ORDER NO. 8

On December 29, 2005, the Ontario Energy Board issued a Notice of Proceeding on its own motion to determine (i) whether it should order new rates for the provision of natural gas, transmission, distribution and storage services to gas-fired generators (and other qualified customers); and (ii) whether to refrain, in whole or part, from exercising its power to regulate the rates charged for the storage of gas in Ontario by considering whether, as a question of fact, the storage of gas in Ontario is subject to competition sufficient to protect the public interest. The Natural Gas and Electricity Interface Review (“NGEIR”) proceeding was commenced pursuant to sections 19, 36 and 29 respectively of the *Ontario Energy Board Act, 1998*. The Notice of Proceeding directed Enbridge Gas Distribution Inc. (“Enbridge”) and Union Gas Limited (“Union”) to file evidence on potential rates for gas-fired generators.

On January 23, 2006, the Board issued Procedural Order No. 1 which identified the issues to be addressed in this proceeding to include rates for gas-fired generators, storage regulation and transportation capacity bidding process and allocation. Procedural Order No. 1 also set a schedule for the remaining steps in this proceeding.

On February 28, 2006, the Board issued Procedural Order No. 2 which outlined the mandatory evidence to be filed by Enbridge on the Rate 300 series rates and a revised NGEIR timetable.

On March 15, 2006, the Board issued Procedural Order No. 3 to provide direction to Union for filing evidence on four issues which were moved from the Union 2007 rates proceeding (EB-2005-0520) to the NGEIR proceeding.

On March 23, 2006, the Board issued Procedural Order No. 4 to provide the agenda and procedures for the Technical Conference to be held on April 5 and 6, 2006. The objective of the Technical Conference was to provide Enbridge and Union with the opportunity to present their evidence on proposed generator rates and to provide participants with the opportunity to obtain further clarification of that evidence.

On April 5 and 6, 2006, the Board held a Technical Conference on the mandatory evidence filed by Enbridge and Union with respect to potential rates for gas-fired generators and other qualified customers (Issue I of this proceeding). At the April 6, 2006 Technical Conference, Enbridge presented revisions to Rate 125 – Extra Large Firm Transportation Service and proposed a new High Deliverability Storage Service (Rate 316). The proposed rates were presented on a conceptual basis only, and Enbridge took the position that the setting of rates associated with Rate 125 and Rate 316 should only be done in the context of Enbridge's 2007 rate hearing. The Board did not agree and noted that the Procedural Orders have consistently contemplated the setting of rates as a potential outcome for the NGEIR proceeding. The Board expected Enbridge's evidence both on proposed rates for gas-fired generators (and other qualified customers) and on the Rate 300 series rates (Issue IV) to contain sufficient information for the Board to make a decision on rate setting that will result in a rate

order. Therefore, the Board issued Procedural Order No. 5 on April 12, 2006 to direct Enbridge to file supplemental evidence to complete the mandatory evidence on the potential rates for gas-fired generators and other qualified customers (Issue I) and to add a one day technical conference on April 27, 2006 on Issues I and IV.

Based on the supplemental evidence filed by Union on Issue I and the evidence filed by participants on all issues on May 1, 2006, the Board concluded two extra days should be added to the scheduled technical conference on May 18-19, 2006. The Board issued Procedural Order No. 6 on May 5, 2006 to provide the agenda and procedures for the May 16-19, 2006 technical conference.

During the May 16-19, 2006 technical conference, several participants requested additional time to file undertaking responses. In response, the Board issued Procedural Order No. 7 on May 26, 2006 to extend the due date for written undertaking responses to questions related to Issue II (Storage Regulation) that were raised at the technical conference to June 2, 2006. Procedural Order No. 7 also provided information for the settlement conference and announced the planned hearing dates (June 12, 13, 19, 20, 22, 26, 27, 29, 30, July 10, 11, 13, 14). The Board also announced it intends to begin the oral hearing by hearing evidence with respect to Issue II (Storage Regulation), following which, the Board will hear any issues that are not part of a Board approved settlement proposal.

On June 6, 2006 letters were received from Union and from a representative of gas-fired generators to request that an extension be granted to all participants in the settlement conference to allow a filing of any settlement proposal on June 13, 2006 and a postponement of the presentation of any settlement proposal and the start of the hearing to June 19, 2006.

The Board wishes to address the aforementioned requests and provide information related to the hearing. The Board is also adding July 17 and July 20, 2006 as hearing dates in order to ensure that there is enough time for the hearing.

The Board may issue further Procedural Orders from time to time.

THE BOARD ORDERS THAT:

1. The settlement conference on Issues I (rates for gas-fired generators and other qualified customers), III (transportation capacity bidding process and allocation) and IV (Enbridge's Rate 300 series rates) convened on May 29, 2006, at 9:00 a.m. at Best Western Primrose Hotel, Pearson Room, 2nd Floor, 111 Carlton Street, Toronto and originally scheduled to continue until June 2, 2006 is hereby extended to continue for as many days as required by the participants until June 13, 2006. The Board does not intend to receive a settlement proposal on Issue II (storage regulation). Therefore, the Board will not convene a settlement conference in relation to this issue.
2. For each settled issue, there shall be a detailed settlement proposal signed by all settling participants. The proposal will indicate not only the matters settled, but a detailed evidentiary basis for the settlement and the reasons for the settlement.
3. Any settlement proposal arising from the settlement conference held shall be filed with the Board **by 4:30 p.m. on June 13, 2006.**
4. A presentation of the settlement proposal to the Board will commence at 9:30 a.m. on June 19, 2006 at the St. Andrews Conference Centre, 150 King St W, 27th Floor, Toronto. At that hearing, the participants who have filed evidence will be expected to have witnesses available to speak to each of the settled issues pertaining to their evidence. That examination will be conducted only by Board counsel on the Board Support Team and by Panel members. Because these are settled issues, it is not anticipated that any cross-examination by other participants will be necessary.
5. An oral hearing will commence after the Board's consideration and determination of any settlement proposal and will, if necessary, continue until July 20, 2006. Planned

hearing dates are June 19, 20, 22, 26, 27, 29, 30, July 10, 11, 13, 14, 17 and 20. The Board intends to begin the oral hearing by hearing evidence with respect to Issue II (Storage Regulation), following which, the Board will hear any issues that are not part of a Board approved settlement proposal. The Board expects to hear evidence from participants on Issue II (Storage Regulation) in the following order:

- Union Gas Limited
 - Enbridge Gas Distribution Inc.
 - Market Hub Partners Canada
 - Board Hearing Team
 - Industrial Gas Users Association/Association of Major Power Consumers of Ontario (and other gas consumers)
 - Enbridge Inc.
 - Gaz Metro
 - The City of Kitchener
6. The order of appearances for participants wishing to cross-examine the expert and witness panels will be determined at the start of the hearing.
 7. After hearing Issue II (Storage Regulation), the Board will hear any issues that are not part of a Board approved settlement proposal beginning with Issue I (Rates for gas-fired generators and other qualified customers). Further details about the order of evidence for Issue I, Issue III (Transportation capacity bidding process and allocation) and Issue IV (Enbridge rates for large volume customers (Rate 300 Series) will be provided once any settlement proposal is considered by the Board.
 8. All filings to the Board noted in this Procedural Order must be in the form of **thirteen (13) hard copies** filed with the Board Secretary at the Board's mailing address and/or by email (see below) **by 4:30 p.m. on the specified dates**. The Board requests that in addition to the hard copies which are filed, all parties include an electronic copy of their filings in searchable PDF format.

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ISSUED at Toronto, June 7, 2006

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary