

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL AND WEB POSTING

NOTICE OF TERMINATION OF NOTICE AND COMMENT PROCESS

PROPOSED AMENDMENTS TO THE GAS DISTRIBUTION ACCESS RULE

BOARD FILE NO: EB-2008-0313

**To: All Natural Gas Distributors
All Participants in Consultation Process EB-2008-0313
All Other Interested Parties**

On October 8, 2008, the Board issued a Notice of Proposal to amend the Gas Distribution Access Rule (the “GDAR”) to provide a standardized regulatory framework for the collection and administration of security deposits by gas distributors. The proposed amendments to the GDAR (the “Proposed Amendments”) were patterned on the security deposit provisions that are currently applicable to licensed electricity distributors under the Distribution System Code.

The Board received comments on the Proposed Amendments from 8 interested parties, including gas distributors, ratepayers and representatives of ratepayer groups. Based on the comments received, the Board has determined that it will not proceed with the Proposed Amendments for the time being.

The Board remains of the view that there is merit to the standardization of security deposit rules across the province and to the greater harmonization between the electricity and gas sectors in that regard. However, the Board is no longer satisfied that, as a practical matter, the anticipated benefits of codifying security deposit rules fully justify, at this time, either the administrative burden that would be placed on all gas distributors, or the associated costs that would be incurred by all gas distributors and ultimately borne by their ratepayers.

The Board notes that the security deposit policies of the two largest natural gas distributors do not appear to be the subject of widespread concern at this time. The overwhelming majority of concerns raised by residential ratepayers in relation to security deposits, both now and in the past, relate to one gas distributor, Natural

Resource Gas Limited (“NRG”). On May 5, 2009 the Board issued a Decision and Order in the matter of an application by NRG for renewal of its franchise rights with the Town of Aylmer by way of a new 20-year franchise agreement (proceeding EB-2008-0413). The issue of NRG’s security deposit policies was raised in that proceeding, and the Board has addressed the matter in its Decision and Order.

While the Board is now terminating this notice and comment process, the Board will monitor issues associated with the application of security deposits by gas distributors and may revisit implementation of security deposit rules in the natural gas sector as circumstances warrant.

The Board thanks all participants in this notice and comment process for their thoughtful comments, and will address the issue of cost awards in accordance with a Notice of Hearing to be issued in the near future.

If you have any questions regarding this matter, please contact Barbara Robertson, Policy Advisor, Regulatory Policy and Compliance, at 416-440-7718. The Board’s toll-free number is 1-888-632-6273 and the Market Operations Hotline is 416-440-7604.

ISSUED at Toronto, July 17, 2009

ONTARIO ENERGY BOARD

Original signed by

John Pickernell
Assistant Board Secretary