

**EXECUTIVE SUMMARY**

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On December 15, 1995, The Consumers' Gas Company Ltd. ("Consumers Gas" or the "Company") applied to the Ontario Energy Board for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas for the Company's 1997 fiscal year commencing October 1, 1996.

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The Board held a public hearing which concluded on June 21, 1996. The Board found a gross revenue deficiency of \$1.6 million which is \$32.0 million less than the amount proposed by the Company.

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The Board generally accepted the Company's proposals with regard to cost allocation, rate design, and demand side management activities. The Board's findings on other issues follow.

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The major concern of the Board regarding the Company's Strategic Information Management ("SIM") Plan was the integrity of the forecast and cost controls supporting the Customer Information System ("CIS") portion of the project. As a consequence of this concern, the Board did not approve the Company's capital budget allocation of \$20.6 million for the CIS project for the 1997 fiscal year.

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The Board could see no particular advantage to depreciating the unrecoverable portion of base pressure gas.

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The Company proposed to offer transactional services to make additional use in off-peak periods of its physical and contractual assets which had been acquired in the first place to serve the in-franchise customers. The Board approved the offering of transactional services, stating that the Company should structure the contracts for the sale of these services to ensure that the use of utility assets by ex-franchise purchasers does not result in increased gas costs to ratepayers.

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The Board denied the Company's forecast operating costs relating to the Company's electronic gas trading board as the Board was not convinced that the potential benefits of this service exceed its cost.

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Agent Billing and Collection T-Service ("ABC Service") is a process whereby an Agent, Broker or Marketer ("ABM") agrees with a Local Distribution Company ("LDC") that the cost of gas for direct purchase customers will be included in normal bills in place of the LDC's own gas costs. The money so collected from LDC customers who are also direct purchase customers will be remitted to the ABM by the LDC. The LDC will charge a fee to the ABMs for this service. The Board accepted the Company's proposal to offer ABC Service.

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The Board however found that an essential condition of its acceptance of ABC Service was the development of a Code of Conduct for parties who propose to offer ABC Service contracts. This Code of Conduct will be the responsibility of the Direct Purchase Industry Committee ("DPIC") to produce and should include significant consumer protection measures. The Board required, as well, the production by DPIC of a customer information package for review by the Board. The pur-

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pose of this package is to ensure that all ratepayers are made aware of all available purchasing options and their consequences.

The Board found that the proposals for billing and collections may be initially instituted within the utility. The Board also found that the proposed 50 cent charge to be paid by ABMs in respect of expenses associated with the ABC Service billing and collection procedures were acceptable on an interim basis pending the Board-approved comprehensive cost allocation study to be presented at the next main rates case.

The Board accepted the Company's commitment to provide the results of its review of all aspects of interruptible rate design at the next rates hearing.

The Board requested that the Company bring forward for consideration of the Board at that hearing a proposed timetable of increases to fixed monthly customer charges, information as to the acceptability of proposed increases, and a proposed program to provide information to the customers who may perceive unfairness in such increases.

The new rates are effective October 1, 1996, and in any case, no later than the first billing cycle after October 31, 1996. Any impact on customers due to the disposition of the balances in the various deferral accounts shall be incorporated as a one-time adjustment in the first billing for each customer following the date of implementation of the new rates.