

**Ontario Energy  
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November 5, 2018

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
27th Floor, 2300 Yonge Street  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: EPCOR Southern Bruce Gas Inc.  
EPCOR Utilities Inc.  
EPCOR Natural Gas Limited Partnership  
Application for leave to transfer certificates of public convenience and  
necessity  
Board File Number EB-2018-0247**

Please find attached OEB staff's submission in the above-noted proceeding.

Yours truly,

*Original signed by*

Azalyn Manzano  
Case Manager

/ attach.



# **ONTARIO ENERGY BOARD**

## **OEB STAFF SUBMISSION**

**November 5, 2018**

**EPCOR Southern Bruce Gas Inc.  
EPCOR Utilities Inc.  
EPCOR Natural Gas Limited Partnership**

**Application for leave to transfer certificates of  
public convenience and necessity**

**EB-2018-0247**

## Introduction

These are the submissions of Ontario Energy Board (OEB) staff on the application filed by EPCOR Southern Bruce Gas Inc. (EPCOR Southern Bruce), EPCOR Utilities Inc. (EPCOR Inc.) and EPCOR Natural Gas Limited Partnership (ENGLP) on August 9, 2018, under section 18 of the *Ontario Energy Board Act* and section 8 of the *Municipal Franchises Act*. The application is for an order granting leave to transfer the certificates of public convenience and necessity for the Municipality of Arran Elderslie, the Municipality of Kincardine and the Township of Huron-Kinloss from EPCOR Southern Bruce to ENGLP.

## OEB Staff Position

In its decision and order issued on April 12, 2018<sup>1</sup>, following a competitive process, the OEB granted EPCOR Southern Bruce the certificates for the Municipality of Arran-Elderslie, the Municipality of Kincardine and the Township of Huron-Kinloss (South Bruce Decision). These certificates were granted conditionally, subject to the filing and approval of a leave to construct application. EPCOR Southern Bruce is a wholly-owned indirect subsidiary of EPCOR Inc.

EPCOR Inc. has determined that consolidating its natural gas distribution assets in Ontario under ENGLP would allow EPCOR Inc. to operate these systems more efficiently. ENGLP is another wholly-owned indirect subsidiary of EPCOR Inc., and currently owns and operates the former Natural Resource Gas Limited's (NRG) natural gas distribution system in Aylmer, Ontario. ENGLP is EPCOR Inc.'s primary operating entity in Ontario. ENGLP's general partner is EPCOR Ontario Utilities Inc., and its sole limited partner is EPCOR Power Development Corporation, both of which are also subsidiaries of EPCOR Inc.

The applicants state that the ENGLP personnel who currently operate the former NRG distribution system have the necessary experience and expertise to assist with the development and operation of the Southern Bruce project. ENGLP will maintain separate business units and rate tariffs for the former NRG gas distribution system operated by ENGLP in the Aylmer region and the future gas distribution system in the

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<sup>1</sup> Municipality of Arran-Elderslie (EB-2016-0137) / Municipality of Kincardine (EB-2016-0138) / Township of Huron-Kinloss (EB-2016-0139)

Southern Bruce area.

The applicants submit that the transfer of the certificates will result in no harm to ratepayers, nor will the transfer affect the development or safe operation of natural gas storage and distribution in Ontario.

OEB staff submits that the OEB should approve the transfer of EPCOR Southern Bruce's certificates to ENGLP. OEB staff agrees that ENGLP has the experience and expertise necessary to safely develop and operate the Southern Bruce project and store and distribute natural gas in Ontario. OEB staff is of the opinion that ratepayers and other natural gas utilities in Ontario will not be adversely affected by approval of the applicants' request.

OEB staff notes that the applicants have also applied under section 8 of the *Municipal Franchises Act*, which relates to approval for construction of gas works or supply of gas in a municipality. OEB staff submits that the application does not require consideration under section 8 of the *Municipal Franchises Act* as it is essentially the transfer of authorizations to construct works to supply the South Bruce area that have already been granted. All of the approvals requested can be granted pursuant to section 18 of the *Ontario Energy Board Act*.

The applicants state that with the transfer of the certificates, EPCOR Inc. and ENGLP will assume and continue any applicable obligation of EPCOR Southern Bruce related to the South Bruce Decision, including EPCOR Southern Bruce's obligation to file leave to construct applications to serve the South Bruce area by October 12, 2018. OEB staff notes that ENGLP filed with the OEB a leave to construct application for works to supply natural gas in the Municipality of Arran-Elderslie, the Municipality of Kincardine, and the Township of Huron-Kinloss on September 20, 2018.

All of which is respectfully submitted.