

DECISION AND ORDER

EB-2017-0108

ENBRIDGE GAS INC.

**Application for certificates of public convenience and necessity
for Norfolk County, the County of Elgin, and the County of
Middlesex**

By Delegation, before: Pascale Duguay

August 15, 2019

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1 INTRODUCTION AND PROCESS

Enbridge Gas Inc. (Enbridge Gas) and EPCOR Natural Gas Limited Partnership (ENGLP) each hold certificates of public convenience and necessity (certificate), issued by the Ontario Energy Board (OEB) under the *Municipal Franchises Act*, within Norfolk County, the County of Elgin and the County of Middlesex (the Counties).

On October 11, 2018, the OEB issued a Decision and Order (the October 11, 2018 Decision) indicating it would amend each of Enbridge Gas' and ENGLP's certificates in the Counties such that the service territories of the two utilities will be exclusive of each other. The October 11, 2018 Decision instructed each of the utilities to, among other things, file with the OEB draft orders for certificates for each of the Counties based on the areas in which each utility currently has authorization, but excluding areas of overlap, as well as customer density maps with boundaries delineating each area of authorization.

Although progress had been made towards resolving a number of inconsistencies and overlap issues, the OEB found that it was unable to issue a final decision granting amended certificates to the utilities for the Counties, based on the evidence provided by the parties to date.

On July 15, 2019, the OEB received an email from Ms. Shannon Lammers, an individual residing in the Municipality of Thames Centre in the County of Middlesex. The e-mail has been treated as a letter of comment in this proceeding. Ms. Lammers requested the OEB's assistance in ensuring that her residence will have natural gas service in time for the next heating season. Ms. Lammers stated that, despite her efforts, she has been unable to obtain gas service from either ENGLP or Enbridge Gas. Ms. Lammers explained that she had contacted ENGLP for service, but that they referred her to Enbridge Gas. Ms. Lammers further explained that while Enbridge Gas had initially agreed to provide service, and accepted a capital contribution in the amount of approximately \$14,350, Enbridge Gas later advised her that it could not provide service pending the final outcome of this OEB proceeding.

From the evidence filed on the record of this proceeding, it appears that the Lammers' residence is located in an area of the County of Middlesex for which each of ENGLP and Enbridge Gas hold overlapping certificate authorizations. ENGLP holds an upper tier municipal certificate for the entire County of Middlesex, which is comprised of several lower tier municipalities including the Municipality of Thames Centre. Further, ENGLP holds a lower tier municipal certificate for parts of the Municipality of Thames Centre, but not that part in which the Lammers' residence is located. Enbridge Gas also

holds an upper tier municipal certificate for the entire County of Middlesex and a lower tier municipal certificate for parts of the Municipality of Thames Centre, including that part in which the Lammers' residence is located. Both utilities appear to have customers in the general vicinity of the Lammers' residence.

On July 23, 2019, the OEB issued Procedural Order No. 11 in which it determined that the public interest requires that this particular matter be resolved as soon as possible. To assist the OEB in determining which utility will be best suited to serve the Lammers' residence, the OEB required each of Enbridge Gas and ENGLP to file a proposal identifying the earliest feasible in-service date as well as a description and schematic diagram of the infrastructure required to connect the residence to the distribution system, including a bill of materials for any required main extension, service line and meter set. The information was also to include an annual bill calculation assuming an annual consumption of 2,200 cubic meters using rates currently in effect (as of July 1, 2019), and to identify any required final capital contribution.

On July 30, 2019, each of Enbridge Gas and ENGLP filed their proposals. On August 2, 2019, each of Enbridge Gas and ENGLP submitted written comments on the other's proposal.

On August 5, 2019, Ms. Lammers submitted an email to the OEB in response to the evidence of the utilities. Ms. Lammers indicated a preference to receive service from ENGLP, citing that the cost savings would be significantly higher. Ms. Lammers also noted that obtaining service from ENGLP would lessen disruption to neighbours to the south by not having Enbridge Gas run a pipeline hundreds of feet along (and into) the edge of a corn field.

2 SERVICE PROPOSALS

Each of Enbridge Gas and ENGLP provided the OEB with a proposal to connect the Lammers' residence to their respective natural gas distribution system, and subsequently provided comments on each other's proposal.

Enbridge Gas

Enbridge Gas proposed to construct an approximately 384 metre (m) long two-inch diameter plastic main extension off its existing four-inch diameter plastic intermediate pressure gas main, an approximately 31 m long 1/2-inch service line, and a residential meter set. The capital cost for these facilities was estimated to be approximately \$14,243 plus HST. The capital contribution was estimated to be \$12,591 plus HST (for a total of \$14,228). The annual bill was estimated to be approximately \$744, not including temporary rate riders and the Federal Carbon Charges. Enbridge Gas indicated that the work could be completed within three weeks of an OEB decision granting the utility the authorization to serve the customer.

Enbridge Gas submitted that before the OEB makes a determination on which utility is best suited to provide gas service to the Lammers' residence, it would be beneficial to get an opinion from the homeowner regarding the selection criteria they find most important to them. Enbridge Gas also stated that the OEB should consider the ramifications on emergency responders of allowing more than one utility to serve on the same side of a municipal road.

Enbridge Gas noted that its estimated time to connect the customer is shorter than ENGLP's.

Enbridge Gas provided a side-by-side comparison of its annual bill to EPCOR's annual bill, inclusive of temporary rate riders and the Federal Carbon Charges. Enbridge Gas asserts that there is a 22% benefit to the customer to pay its rates as opposed to ENGLP's. Enbridge Gas' comparison is provided in Table 1 below.

Table 1: Enbridge Gas' Comparison of Annual Bills¹

	<u>Enbridge Gas</u>	<u>EPCOR</u>
Customer Charge	\$264.00	\$ 239.39 (including fixed rate riders)
Delivery Commodity Charge	\$108.60 (including rate rider)	\$ 317.98 (including rate rider credits/debits)
Storage Services	\$ 16.12	
Gas Supply Charges	\$358.50	\$ 371.54
Federal Carbon Charges	<u>\$ 86.21</u>	<u>\$ 86.02</u>
	\$833.43	\$1,014.93
HST	<u>\$108.35</u>	<u>\$ 131.94</u>
Total	\$941.78	\$1,146.87
Annual Difference:	\$205.09	

1. Inclusive of temporary rate riders and the Federal Carbon Charges

ENGLP

ENGLP proposed to construct an approximately 40 m long 1/2-inch service line, and a first cut regulator (also called a farm tap). The capital cost for these facilities was estimated to be approximately \$3,650 plus HST. The annual bill was estimated to be approximately \$1,147, including temporary rate riders and Federal Carbon Charges. ENGLP indicated that the work could be completed within two months of an OEB decision granting the utility the authorization to serve the customer.

ENGLP asserted that its proposal is more economical for the customer given that the Enbridge Gas capital cost estimate to provide the connection is almost four times ENGLP's estimate.

ENGLP clarified that there is no capital contribution required for it to connect the customer. ENGLP further clarified that, provided it received direction from the OEB by August 15, 2019, it believed it could connect the Lammers' residence "on or about October 15, 2019, or better, subject to contractor availability".

ENGLP provided a side-by-side comparison of its annual bill to Enbridge Gas' annual bill, exclusive of rate riders, taxes, and the Federal Carbon Charge. ENGLP's comparison is provided in Table 2 below.

Table 2: ENGLP's Comparison of Annual Bills¹

Line item	EPCOR Natural Gas LP	Enbridge Gas Distribution Inc.
Customer Charge	\$198.00	\$264.00
Delivery to You ¹	\$350.76	\$121.77
Gas Supply	\$371.52	\$358.50
Total	\$920.28²	\$744.27
Difference in Annual Bill	\$176.01	

1. Exclusive of rate riders, taxes, and the Federal Carbon Charge

3 FINDINGS

Based on the record of this proceeding, the OEB finds in favour of ENGLP to provide natural gas service to the Lammers' residence, as it minimizes the distribution infrastructure required to provide service and results in lower incremental cost for the customer in the immediate and foreseeable future. As far as safety, service quality and reliability considerations, the OEB expects little or no difference whether ENGLP or Enbridge Gas were to serve the customer.

Enbridge Gas stated that only it currently has lower tier certificate rights to provide service to the area where the Lammers' residence is located. Enbridge Gas indicated that while ENGLP holds a lower tier certificate for serving parts of the Municipality of Thames Centre, it is not specific to the area where the Lammers' residence is located. This statement was not disputed by ENGLP. As determined in the October 11, 2018 Decision, for areas where both distributors have gas infrastructure present, each distributor will be granted a lower tier certificate limited to the areas where each distributor currently serves. As the Lammers' residence is not currently connected to a natural gas distribution system, the OEB finds it is appropriate to make a determination now, as the public interest requires, with regard to which of the utilities shall be authorized to serve the Lammers' residence.

Enbridge Gas' capital cost to serve the Lammers' residence is considerably higher than that of ENGLP due to the need to construct a main extension to the residence. As a result, Enbridge Gas would be required to charge the customer a capital contribution of \$12,591 plus HST (for a total of \$14,228). ENGLP confirmed that no capital contribution would be required for it to provide service, given the close proximity of an existing main to the Lammers' residence.

While the evidence identified that Enbridge Gas would be in a position to connect the Lammers' residence more quickly than ENGLP, it appears that both distributors would be able to do so prior to the next heating season.

The OEB also considered customer preference particularly given the absence of other differentiating factors such as quality and reliability of service. The letter of comment of Ms. Lammers indicates a preference for ENGLP to provide service, as the cost savings are significant, and disruption to the neighbours would be minimized.

Enbridge Gas asked the OEB to consider the ramifications on emergency responders of allowing more than one utility to serve on the same side of a municipal road. The OEB notes that this concern is no different than where utilities have infrastructure in contiguous areas where specific demarcations may be at issue. Safety is a key concern of the OEB, and is one of the reasons why the OEB is working to eliminate areas of

overlapping certificate authorizations. In the October 11, 2018 Decision, the OEB stated that a concern arises when an upper tier certificate has been issued for one distributor, and a certificate for a lower tier municipality within this upper tier is issued to a different distributor, as it may become unclear as to whose rights take precedence within the lower tier municipality. This lack of clarity among gas distributors can give rise to questions about where each distributor can and cannot operate, safety concerns, etc. These concerns are being addressed through this proceeding.

The OEB is issuing a certificate to ENGLP for the purpose of supplying natural gas to the Lammers' residence. This certificate will be accounted for in the final certificate orders to be issued in this proceeding, which will, among other things, establish new certificate boundaries for ENGLP and Enbridge Gas in the Municipality of Thames Centre.

The OEB expects that ENGLP will provide service to the Lammers' residence no later than October 15, 2019 and, preferably, sooner. The OEB also expects that Enbridge Gas will reimburse forthwith any amounts paid by Ms. Lammers as services were not rendered to connect her residence to the distribution system, nor will they be in the future.

4 ORDER

IT IS ORDERED THAT:

1. A certificate of public convenience and necessity, attached as Schedule A to this Decision and Order, is granted to EPCOR Natural Gas Limited Partnership to construct works to supply gas to 4130 Dorchester Road, Dorchester, Ontario N0L 1G5.

DATED at Toronto August 15, 2019

ONTARIO ENERGY BOARD

Original Signed By

Pascale Duguay
Manager, Application Policy and Climate Change

SCHEDULE A

EB-2017-0108

DATED: August 15, 2019

Certificate of Public Convenience and Necessity

EB-2017-0108

Certificate of Public Convenience and Necessity

The Ontario Energy Board grants

EPCOR Natural Gas Limited Partnership

approval under section 8 of the *Municipal Franchises Act*, R.S.O. 1990, c. M.55, as amended, to construct works to supply gas in the

Municipality of Thames Centre

as it is constituted on the date of this Decision and Order and limited to serving the following address:

4130 Dorchester Road, Dorchester, Ontario N0L 1G5

DATED at Toronto, August 15, 2019

ONTARIO ENERGY BOARD

Original signed by

Pascale Duguay
Manager, Application Policy and Climate Change