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November 29, 2019

**Sent By Electronic Mail**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
27-2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2019-0232 – Application for an Order amending Certificate of Public Convenience and Necessity – Township of South-West Oxford  
EPCOR Natural Gas Limited Partnership (ENGLP)  
Interrogatory Responses to OEB Staff and Enbridge Gas Inc.**

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Please find attached ENGLP's responses to interrogatories filed on November 26, 2019 by OEB Staff and Enbridge Gas Inc. in the above noted proceeding.

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Vince Cooney", is written over a light grey rectangular background.

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cc. Susannah Robinson, *EPCOR*  
Patrick Welsh, *Osler, Hoskin & Harcourt LLP*  
Pat McMahon, *Enbridge Gas Inc.*

**ENGLP Responses to Interrogatories from Board Staff**

**OEB Staff-1**

**Ref:** Application cover letter; Application, pp. 5, 6 and 11; Appendix I; E.B.C. 111/119

**Preamble:**

ENGLP states that it is applying for an order amending ENGLP's certificate for the Township of South-West Oxford. ENGLP proposes that portions of its omnibus certificate covering the Township of South-West Oxford be superseded and replaced by a new certificate including the Village of Salford, as a step to completely "retiring" the omnibus certificate. ENGLP also states that the OEB is not precluded from amending the omnibus certificate to include Salford.

ENGLP included a draft certificate in Appendix I which includes the following lots and concessions in South-West Oxford representing the Village of Salford:

- Concession 1: the southwest quarter of Lot 13 and the south half of Lot 14; and
- Concession 2: the northwest quarter of Lot 13 and the north half of Lot 14.

ENGLP also previously sought direction from the OEB regarding the remaining portions of the omnibus CPCN including whether to seek new certificates for municipalities not affected by the OEB's determination in EB-2017-0108, specifically, the Town of Aylmer and certain portions of the Township of South-West Oxford and the Township of Westminster (now part of the City of London).

**Questions:**

- a) Please confirm that the draft certificate includes only the exact same areas as specified for the Township of Southwest Oxford in ENGLP's current omnibus certificate and the additional lots listed above.
- b) Please state whether ENGLP prefers that the OEB issue a new certificate cancelling and superseding ENGLP's current omnibus certificate in relation to the Township of South-West Oxford, as opposed to amending the omnibus certificate. In either case, please provide the rationale.
- c) If ENGLP prefers a new certificate, can ENGLP advise if it anticipates doing the same with regard to the Town of Aylmer and the City of London? If so, please outline when ENGLP would anticipate filing these applications.

**Responses:**

- a) Confirmed. As indicated in ENGLP's Application, the Omnibus CPCN grants ENGLP the right to construct works to supply and to supply gas in certain areas of South-West Oxford. Specifically, the Omnibus CPCN specifies that ENGLP's CPCN rights apply to "all and singular those certain parcels or tracts of land and premises situate, lying and being in the Township of Southwest Oxford in the County of Oxford, formerly in the Township of Dereham in the County of Oxford, and being composed of the following:
- a. The whole of Lots 15 to 23, both inclusive, in Concession 1.
  - b. The whole of Lot 24, in Concession 1, save and except that part of the said Lot lying north of Highway 401.
  - c. The whole of Lots 15 to 28, both inclusive, in each of Concessions 2 to 12, both inclusive.
  - d. The southerly quarter of Lot 14, in Concession 10.
  - e. the southerly quarter of Lot 14, in Concession 11."<sup>1</sup>

As shown on the Salford Lot Map<sup>2</sup>, ENGLP is seeking to add the following, noted in bold underline text:

- f. **the south half of Lot 14 in Concession 1;**
- g. **the north half of Lot 14 in Concession 2;**
- h. **the southwest quarter of Lot 13 in Concession 1;** and
- i. **the northwest quarter of Lot 13 in Concession 2.**

Consequently, ENGLP has proposed the following for its revised CPCN<sup>3</sup> for South-West Oxford, again noted in bold underline text:

- j. Concession 1 – All of Lots 15 to 23 (Inclusive), those portions of Lot 24 lying south of Highway 401, **the southwest quarter of Lot 13,** and **the south half of Lot 14**

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<sup>1</sup> A copy of the Omnibus CPCN can be found at Appendix G to ENGLP's Application for an Order amending its CPCN for South-West Oxford dated October 17, 2019 (the "Application"). The South-West Oxford portions of the Omnibus CPCN are found on pages 3 and 4 of the Omnibus CPCN.

<sup>2</sup> Appendix J to the Application.

<sup>3</sup> Appendix I to the Application.

- k. Concession 2 – All of Lots 15 to 28 (Inclusive), the **northwest quarter of Lot 13** and the **north half of Lot 14**
  - l. Concessions 3 to 9 – All of Lots 15 to 28 (Inclusive)
  - m. Concession 10 – All of Lots 15 to 28 (Inclusive) and the southern quarter of Lot 14
  - n. Concession 11 – All of Lots 15 to 28 (Inclusive) and the southern quarter of Lot 14
  - o. Concession 12 – All of Lots 15 to 28 (Inclusive)
- b) As noted in ENGLP’s Application, ENGLP has proposed that the portions of the Omnibus CPCN covering the Township of South-West Oxford be superseded and replaced by a new CPCN that also includes the Village of Salford.<sup>4</sup> This is ENGLP’s preference. In ENGLP’s view, this approach is much simpler from an administrative perspective, as outlined further in ENGLP’s Application.<sup>5</sup>
- c) As a preliminary matter, ENGLP is of the view that the timing of any future proceeding to cancel and replace the remainder of the Omnibus CPCN is not directly relevant to the proceeding currently before the OEB. That said, ENGLP has previously sought direction from the OEB regarding the remainder of the Omnibus CPCN,<sup>6</sup> and ENGLP will adhere to any directions from the OEB in this regard.

As OEB Staff may be aware, ENGLP is in the process of upgrading its mapping software with a targeted completion date sometime in 2021 or early 2022. ENGLP would prefer to commence such “clean-up” work after the mapping software is up and running (i.e., sometime likely in 2022).

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<sup>4</sup> Application, para. 16.

<sup>5</sup> Application, para. 17. The Omnibus CPCN has largely been superseded and replaced by new CPCNs as a result of the OEB’s proceeding in EB-2017-0108. Also, as noted in paragraph 16 of the Application, the OEB’s preference in other similar proceedings appears to be to supersede and replace older CPCNs.

<sup>6</sup> Application, para. 17.

**OEB Staff-2**

**Ref:** Application, pp. 8 and 10; Appendix A; Appendix H

**Preamble:**

ENGLP states that a volumetric throughput of 68,000 m<sup>3</sup>/year will enter the expanded system at Salford Road and Dereham Line. ENGLP forecasts a 60% conversion rate for the purposes of computing the required capital contribution. Appendix H identifies 74 houses and 5 commercial buildings in the area, for a total of 79 potential attachments. Appendix A mentions that a manufacturing company in Salford (The Salford Group) is also looking to connect to the natural gas distribution system.

Assuming an annual volumetric consumption of 1,780 m<sup>3</sup> per customer, 68,000 m<sup>3</sup>/year would equate to adding 38 customers, which is below the 60% forecast conversion rate for the area.

**Questions:**

- a) Does the 68,000 m<sup>3</sup>/year volumetric forecast include service to The Salford Group? If not, please provide the annual forecast volume for this potential customer.
- b) Please identify what actions ENGLP might take if the forecast attachments falls below the 60% forecast attachment rate to prevent cross-subsidization of this project by existing customers.

**Responses:**

- a) No. As noted in ENGLP's Application, ENGLP has not received a specific connection request from the Salford Group, therefore such a connection is not contemplated by the Application.<sup>7</sup> ENGLP does not have any visibility into the Salford Group's past, current or future natural gas consumption volumes therefore it cannot provide any reasonable forecast for the Salford Group.
- b) ENGLP plans to conduct a door-to-door campaign in Salford to maximize natural gas uptake and will obtain written commitments<sup>8</sup> from these prospective customers prior to commencing construction so as to prevent cross-subsidization of this project by existing customers.

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<sup>7</sup> Application, page 2, footnote 1.

<sup>8</sup> ENGLP requires new customers to submit an Application for Gas Service. ENGLP's 2020 Application for Gas Service form contains its Conditions of Service, one of which is a customer commitment to convert to natural gas within 12 months of installation of a new gas service.

Additionally, ENGLP's forecasting has been very conservative such that a conversion rate below the initial 60% forecast attachment rate is still not likely to result in any cross-subsidization by existing customers.<sup>9</sup>

In the unlikely event that the number of attachments were to fall below the number necessary to achieve a Profitability Index (P.I.) of 1.0, the prospective customers in Salford would be required to provide a Contribution in Aid of Construction (CIAC) to ensure that existing customers are not cross-subsidizing the expansion to Salford. Customers who connect early may be entitled to a refund of CIAC in conjunction with ENGLP's capital contribution policies if actual connections exceed forecast over a set time horizon from the end of construction.

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<sup>9</sup> That is, ENGLP applied the 60% assumed conversion rate previously accepted by the OEB (see Application, para. 24(b) and footnote 10, page 10) to test that the profitability index (P.I.) would exceed 1.0. In doing this test, ENGLP had assumed that there were only 55 potential residential customers, and the modelling showed that 33 converted customers (60% of 55 potential customers) would comfortably exceed a P.I. of 1.0. However, ENGLP now understands that there are at least 72 potential residential customers which ultimately means that a conversion rate below 60% will still result in a P.I. that comfortably exceeds 1.0 (for example, converting 33 of 72 customers is a 46% conversion rate).

Of further note, OEB Staff's preamble above identified 74 residential and 5 commercial customers for a total of 79. In fact, two of the residential customers shown on the map at Appendix H of the Application are already ENGLP customers, such that the total potential residential customers at this time is actually 72 and not 74.

**OEB Staff-3**

**Ref:** Application, p. 10

**Preamble:**

ENGLP states that any capital contribution would be limited to portions of service pipeline exceeding 20 metres in length from the planned distribution mains.

**Question:**

- a) Please provide if known, or otherwise estimate, the number of customers who would require a service main in excess of 20 metres (i.e. who would then be required to provide a capital contribution). Please provide if known, or otherwise estimate, the average amount that these customers would be required to pay as a capital contribution.

**Response:**

- a) ENGLP Aylmer operations staff have reviewed the potential connections and identified 13 properties which would require a service main in excess of 20 metres, and confirmed that 59 properties would have connections of 20 metres or less. Of the 13 properties in excess of 20 metres, most of the properties would require a 40 to 50 metre service main, representing an approximate maximum customer contribution of \$200 to 300. For absolute clarity, all customers are charged a customary \$100 fee for installation of service lateral (which the OEB approved in ENGLP's EB-2018-0336 rates case). As noted in the Application, the nominal customer contribution of \$10 per metre beyond 20 metres is required to avoid cross-subsidization of service mains by existing customers,<sup>10</sup> and is in addition to the \$100 connection fee.

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<sup>10</sup> Application, para. 24(e) and footnote 13, page 10.

**OEB Staff-4**

**Ref:** Application, pp. 1 and 12

**Preamble:**

ENGLP's current certificate for the Township of South-West Oxford does not include the area of the Village of Salford. However, ENGLP believes that it can economically extend its nearby natural gas distribution infrastructure to Salford, as its infrastructure is "essentially on the doorstep" of Salford.

**Question:**

- a) Please elaborate and provide context on how the OEB's decision in this application will influence ENGLP's utilization of existing investments and decisions to pursue similar long-term investment.

**Response:**

- a) ENGLP's Putnam to Culloden pipeline (completed in November 2016) assisted with system pressure issues in the northeast region of ENGLP's service territory, and brought gas from Putnam Station by means of a wide diameter pipeline with few turns to the intersection of Salford and Culloden Roads in the northeast. Subsequently, a capital project was completed in 2017 which brought gas further east along Salford Road to Dereham Line, within the western boundary of the Village of Salford. Resolution of those system pressure issues via the Putnam to Culloden pipeline provides the needed capacity that will allow ENGLP to connect the Village of Salford to its distribution system. As an aside, the OEB in EB-2018-0336 (Phase 2) recently denied inclusion of the Putnam-to-Culloden Pipeline in ENGLP's 2020 rate base, but ENGLP has filed a Motion to Review and Vary that decision.



## Enbridge Gas Inc. Interrogatory 1

**Reference:** EPCOR Application, page 9 and Appendix H – Maps of Potential Customers and Proposed Pipeline Infrastructure

“In-service Date: ENGLP’s timeline to connect Salford will be largely dependent on the OEB’s decision in this Application. If possible, ENGLP would endeavor to connect customers in the Village of Salford prior to the 2020 heating season (i.e., Fall/Winter 2020);”

### Questions:

- a) Please provide details of the timing of the construction of EPCOR’s distribution system within the various areas within the former Village of Salford.
- b) Please confirm that the 79 services identified in Appendix H are the only service locations to which EPCOR intends to provide service as part of this application.
- c) Please provide details of any other permits, environmental screenings/reviews, etc. that EPCOR has or will be acquiring / undertaking related to this application.

### Response:

- a) Because ENGLP currently does not have authority under the Omnibus CPCN to construct within the Village of Salford, construction timing details are not firm at this time. Should the OEB grant the requested relief, ENGLP will review and consider the appropriate timing of construction, taking into consideration several factors including, *inter alia*, the date of a decision in this proceeding, prioritization of other capital projects as set out in ENGLP’s Capital Expenditure Plan Overview in its Utility System Plan,<sup>11</sup> and any emergent or safety-related unplanned capital expenditures.
- b) As discussed above in ENGLP’s response to Staff-2(a), ENGLP corrected the 79 service locations to 77 (72 residential and 5 commercial customers). These locations represent the location of prospective customers in the Village of Salford.<sup>12</sup> ENGLP’s Application seeks to amend the Omnibus CPCN to include the Village of Salford, therefore ENGLP intends to offer service to any potential customer located within the Village of Salford. The service locations were identified and included in ENGLP’s Application for the purposes of calculating the information typically required by the OEB and represent all potential customers presently known to ENGLP located within Salford. To the extent that new or previously unidentified customers – who are located in Salford – request service from ENGLP, then ENGLP would typically be expected to provide service to those customers in accordance with the *Ontario Energy Board Act, 1998*, irrespective of whether such

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<sup>11</sup> EB-2018-0336, ENGLP Application and Evidence, Exhibit 2, Tab 3, Schedule 1, pp. 11-26/26.

<sup>12</sup> Application, para. 24(c).

customers were among the 77 prospective customers identified during ENGLP's good-faith efforts for this Application.

- c) ENGLP respectfully submits that this question is not relevant to the relief requested in this application, namely the amending of the Omnibus CPCN. ENGLP will obtain any permits, screenings, reviews, and/or approvals in the normal course of a construction project of this nature. As noted in its Application, the infrastructure required to connect the Village of Salford does not trigger the OEB's Leave to Construct process.<sup>13</sup>

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<sup>13</sup> Application, para. 21.