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December 12, 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 Certificates of Public Convenience and Necessity in the Township of South-West Oxford – Village of Salford – EPCOR Natural Gas Limited Partnership (“ENGLP”)**

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Please find attached ENGLP's Reply Submission 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 "VCooney", is positioned below the word "Sincerely,".

Vince Cooney, P.Eng, MBA  
Senior Manager, Regulatory Affairs, Ontario  
EPCOR Utilities Inc.  
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(647) 730-0013

cc. Azalyn Manzano/Richard Lanni, *OEB Staff*  
Susannah Robinson/Daniela O'Callaghan, *EPCOR*  
Pat McMahon, *Enbridge Gas Inc.*  
Pat Welsh, *Osler, Hoskin & Harcourt LLP*

**IN THE MATTER OF** the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, as amended (the “**OEB Act**”);

**AND IN THE MATTER OF** the *Municipal Franchises Act*, R.S.O. 1990, c. M.44, as amended;

**AND IN THE MATTER OF** an Application by EPCOR Natural Gas Limited Partnership for an Order amending its Certificate of Public Convenience and Necessity to construct works to supply natural gas in the Township of South-West Oxford.

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**REPLY SUBMISSION**

**EPCOR Natural Gas LP (“ENGLP”)**

**EB-2019-0232**

**December 12, 2019**

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## Background

1. ENGLP filed an application with the Ontario Energy Board (“**OEB**”) on October 17, 2019 under section 8 of the *Municipal Franchises Act*. The application is for an order amending ENGLP’s Certificate of Public Convenience and Necessity (“**CPCN**”) related to the Township of South-West Oxford, authorizing it to provide natural gas service to the area known as the Village of Salford (“**Salford**”).
2. A Notice of Hearing was issued on October 31, 2019. Enbridge Gas Inc. (“**EGI**”) applied for and was granted intervenor status.
3. On November 22, 2019, the OEB issued Procedural Order No. 1 setting out the process for filing written interrogatories and submissions. On November 26, 2019 EGI and Ontario Energy Board Staff (“**OEB Staff**”) filed interrogatories, to which ENGLP filed its responses on November 29, 2019.
4. On December 6, 2019, EGI and OEB Staff filed their submissions. Below are the responding submissions of ENGLP.

## Reply Submissions

*No party has opposed the relief requested and the Township of South-West Oxford has expressed its support on Salford’s behalf.*

5. OEB Staff indicated that it “does not have any concern with regard to the OEB approving the application.”<sup>1</sup>
6. EGI in its intervention conceded that ENGLP could make the required connection more economically<sup>2</sup>, and EGI does not oppose the relief sought in the application.
7. OEB Staff’s submissions (a) summarize Salford’s “clear” interest in ENGLP providing natural gas service; (b) note that ENGLP can provide the service to Salford economically; (c) confirm that ENGLP does not require a leave to construct from the OEB to proceed; and (d) indicate that EGI is not contesting the application.

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<sup>1</sup> OEB Staff Submission, at page 2.

<sup>2</sup> EGI Request for Intervenor Status Letter, November 20, 2019, at para 5.

8. Finally, as noted in ENGLP's Application, the Township of South-West Oxford has asked ENGLP to provide natural gas service to Salford and is generally supportive of ENGLP's application.

*Prescribing a time limit to connect customers in Salford is unnecessary*

9. EGI submitted that one condition of approval to consider is whether a time limit should be placed on the extended CPCN rights such that ENGLP will need to complete a majority of the proposed 77 service hook-ups within 18 months of the OEB granting the amended CPCN.
10. ENGLP submits that EGI's specific "time limit" proposal should not be a condition of approval of this application. EGI has not provided a clear rationale for imposing such a condition.
11. ENGLP's Application is responsive to the Township of South-West Oxford's desire to obtain natural gas service for Salford, following a number of unsuccessful attempts to obtain natural gas service from Union Gas Inc., (now Enbridge Gas Inc.) and ENGLP's predecessor, NRG, over the past 8 years.
12. Although ENGLP will endeavor to connect customers in as timely a manner as possible, as discussed in response to EGI Interrogatory 1(a), there are several factors to consider when prioritizing and scheduling capital projects including system integrity and safety. ENGLP can and will continue to responsibly implement new connections with due consideration for other important priorities such as system critical planned expenditures and emergent and unplanned safety-related capital expenditures.
13. As stated in response to OEB Staff-2(b), ENGLP will be proactively seeking to connect customers in Salford by, *inter alia*, conducting a door-to-door campaign and securing written commitments from customers prior to commencing construction. Accordingly, ENGLP submits that the OEB need not provide further incentive in the form of a time limit for ENGLP to pursue customer conversions in a timely manner.
14. In summary, ENGLP has an interest in and will be proactive in connecting customers in Salford to its gas distribution system, taking into account all other system requirements and obligations. ENGLP submits that prescribing a time limit to complete the system expansion mains and all connections to each willing private address in the geographic area for which CPCN rights are sought, is not necessary.

*No harm*

15. In its submission, EGI indicates that there would be “limited impact” to EGI’s existing ratepayers if ENGLP’s requested amendment to its CPCN was granted. ENGLP is unaware of any harm to existing EGI ratepayers to which the current Application and requested relief could give rise and ENGLP submits that there is no adverse impact on the existing ratepayers of ENGLP or any other natural gas distributor.
16. ENGLP’s evidence highlights that it is best positioned to provide natural gas service to Salford, as its infrastructure is “essentially on the doorstep” of Salford.

*ENGLP can economically connect Salford*

17. As stated in response to OEB Staff-2(b), ENGLP will be conducting a door-to-door campaign and securing written commitments from customers prior to commencing construction. This will ensure there is no cross-subsidization.
18. The profitability index (P.I.) for the system expansion comfortably exceeds 1.0, mitigating any potential cross-subsidy of the system expansion by existing customers. Furthermore, ENGLP has determined appropriate mitigation steps in the unlikely event that forecasted attachments fall below the customer attachment rates, in order to prevent any cross-subsidization of the project by existing customers.<sup>3</sup>
19. Further, the expansion into Salford is facilitated by the Putnam to Culloden pipeline, a system integrity project which resolved system pressure issues in the northeast of the distribution system.<sup>4</sup> With a P.I. comfortably exceeding 1.0, the proposed system expansion benefits existing ratepayers of ENGLP—by increasing existing investments and further defraying the costs of the Putnam to Culloden pipeline—and benefits future potential customers in Salford who stand to be connected if this application is granted.

*Form of CPCN and certificated area*

20. ENGLP takes no position regarding the proposed reference to the Township of South-West Oxford “as it is constituted on the date of this Decision and Order”. ENGLP’s Application describes the specific areas within South-West Oxford to which the CPCN applies by reference to lots and concessions, and includes detailed maps. As such, ENGLP believes

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<sup>3</sup> Response to OEB Staff 2(b).

<sup>4</sup> Response to OEB Staff 4(a).

there is sufficient specificity (and lack of administrative burden) regardless of whether the statement “as it is constituted on the date of this Decision and Order” is included in the CPCN or not.

## **Conclusion**

21. For the reasons set out above, in its Application, and in its Interrogatory Responses, ENGLP respectfully submits that the relief requested by ENGLP in its application for Salford should be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

December 12, 2019

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Vincent R. Cooney  
Senior Manager, Regulatory Affairs, Ontario  
EPCOR Natural Gas Limited Partnership