

## **DECISION AND ORDER**

**EB-2019-0232**

### **EPCOR NATURAL GAS LIMITED PARTNERSHIP**

**Application for a Certificate of Public Convenience and Necessity for  
the Township of South-West Oxford**

**By Delegation, before: Pascale Duguay**

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**January 16, 2020**

## INTRODUCTION AND SUMMARY

This Decision and Order approves EPCOR Natural Gas Limited Partnership's (ENGLP) application for a new certificate of public convenience and necessity (certificate) for the Township of South-West Oxford (Township) and, in doing so, authorizes ENGLP to extend natural gas service to the Village of Salford (Salford).

## THE PROCESS

ENGLP filed an application with the Ontario Energy Board (OEB) on October 17, 2019, under section 8 of the *Municipal Franchises Act*. The application was for an order of the OEB amending ENGLP's certificate for the Township to authorize ENGLP to construct, connect, and provide natural gas service to Salford.

The OEB held a written hearing. A notice of hearing was published in the local newspaper on November 7, 2019. Enbridge Gas Inc. (Enbridge Gas) was approved as an intervenor.

In this Decision and Order, a reference to the Township is a reference to the municipal corporation or its geographical area, as the context requires.

## THE APPLICATION

ENGLP is a corporation incorporated under the laws of the Province of Ontario, with its head office in the Town of Aylmer.

The Township is a municipal corporation incorporated under the laws of the Province of Ontario, and is a lower-tier municipality in the County of Oxford. ENGLP holds municipal franchise agreements with the Township<sup>1</sup> and with the County of Oxford<sup>2</sup>. The franchise agreements are set to expire on May 9, 2034 and December 13, 2038, respectively.

ENGLP's certificate "E.B.C. 111 and 119" (dated October 15, 1981) authorizes ENGLP to construct works to supply natural gas in certain areas in the Township. The certificate does not include Salford, as Salford is currently included in Enbridge Gas' certificate for the Township<sup>3</sup>.

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<sup>1</sup> EB-2012-0447

<sup>2</sup> EB-2017-0232

<sup>3</sup> EB-2013-0021

ENGLP requested authorization, under the *Municipal Franchises Act*, to serve Salford. ENGLP proposed that the portions of E.B.C. 111 and 119 that relate to the Township be cancelled, and that the OEB issue a new certificate that, in addition to ENGLP's current service territory in the Township, also includes Salford. The new service territory is specifically described as follows:

- 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 stated that it received requests from the Township to provide natural gas service to the residents of Salford, and that ENGLP is able to do so economically. ENGLP submitted that there are 77 potential customers in Salford (72 residential and five commercial customers), and that the total capital cost to provide service, including service laterals, tracer wire, meters, regulators and associated fittings, is estimated to be \$140,995. Based on ENGLP's analysis of a 60% conversion rate for 55 potential residential customers, ENGLP stated that the profitability index (P.I.) for the project would exceed 1.0. ENGLP also stated that any capital contribution would be limited to \$10/metre for portions of service pipeline exceeding 20 metres in length, which is required to prevent cross-subsidization by existing customers. ENGLP indicated that, of the 72 residential connections, 13 would exceed 20 metres and would need to pay a capital contribution up to a maximum of \$300. ENGLP further stated that it plans to conduct a door-to-door campaign and obtain written commitments from prospective customers prior to commencing construction, to further prevent cross-subsidization by existing customers.

ENGLP proposed to construct approximately 2,362 metres of NPS 2 polyethylene pipe (exclusive of the service laterals to individual customers) in order to connect Salford. ENGLP submitted that the pipelines to be used to serve Salford do not require leave to construct from the OEB. ENGLP stated that it would endeavor to connect customers prior to the 2020 heating season.

OEB staff submitted that the Township had clearly expressed an interest in ENGLP providing natural gas service to Salford, and noted that ENGLP could do so more economically than Enbridge Gas as the distance to connect customers in Salford is shorter. OEB staff also submitted that leave to construct was not required for the project, and proposed draft certificates for each of ENGLP and Enbridge Gas for the Township.

Enbridge Gas stated that while it would like to connect Salford, it believes that it would be more economic for ENGLP to attach these customers to ENGLP's system. Enbridge

Gas also stated that as long as ENGLP's expanded certificate rights are limited to the Salford area, there should be limited impact on Enbridge Gas' existing ratepayers. Enbridge Gas also proposed that the OEB consider, as a condition of approval, a time limit of 18 months by which ENGLP would need to complete a majority of the proposed attachments.

Enbridge Gas disagreed with OEB staff's proposal that Enbridge Gas' certificate for the Township include the clause "as it is constituted on the date of this Decision and Order". Enbridge Gas stated that this clause would require all regulated natural gas distributors to more closely monitor municipal annexations and amalgamations, and increase the number of applications to the OEB to change their certificate coverage as municipal boundaries change.

In its reply submission, ENGLP submitted that prescribing a time limit as a condition of approval is unnecessary, as it has an interest, and will be proactive, in connecting customers in Salford. ENGLP argued that there are several factors to consider while prioritizing and scheduling capital projects, including system integrity and safety. ENGLP also did not take a position regarding OEB staff's proposed inclusion of "as it is constituted on the date of this Decision and Order" in the new certificates. ENGLP stated that its application describes the specific areas by lots and concessions, and includes detailed maps and, as such, is sufficiently specific whether or not OEB staff's proposed clause is included.

## OEB FINDINGS

I find that it is in the public interest to approve the application. The application is consistent with the OEB's findings in the Generic Proceeding on Community Expansion<sup>4</sup> where the OEB indicated that certificates are not exclusive in the sense that where a certificate has been issued for an area but there is currently no distribution service, another distributor can apply for a certificate to serve that area. As such, I do not consider this application as a bypass to Enbridge Gas' distribution system particularly given that the Township explained that its council had been working with Enbridge Gas over the past eight years to provide natural gas to homes and businesses in Salford without any resolution. In any event, there is no revenue loss for Enbridge Gas as the load is incremental and as submitted by Enbridge Gas, the notional cost shift on its existing customers would be limited. I also note that Enbridge Gas did not contest the application stating that, based on its own analysis, it would be more economical for

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<sup>4</sup> EB-2016-0004

ENGLP to attach the residents of Salford to ENGLP's distribution system as they are in closer proximity its existing facilities.

I also agree with ENGLP and OEB staff that leave to construct is not required for ENGLP's project to connect Salford, as the project does not meet the criteria under the *Ontario Energy Board Act, 1998* that would trigger the need for leave to construct.

With respect to Enbridge Gas' proposal to impose, as a condition of approval, a time limit of 18 months by which ENGLP would need to complete a majority of the proposed attachments, I find that this is not warranted. ENGLP indicated its commitment to endeavor to connect residents prior to the 2020 heating season and proactively seek to secure written commitments from customers prior to commencing construction.

The OEB is issuing a new certificate (attached as Schedule A) that, in addition to ENGLP's current service territory in the Township, includes Salford. The attached certificate of public convenience and necessity granted to ENGLP cancels and supersedes those parts of E.B.C. 111 and 119 related to the Township.

A new certificate, attached as Schedule C to this Decision and Order, is also granted to Enbridge Gas to construct works or supply natural gas in the Township, excluding Salford. The attached certificate of public convenience and necessity granted to Enbridge Gas cancels and supersedes Enbridge Gas' current certificate for the Township<sup>5</sup>.

Finally, I find that the appendices to this Decision and Order sufficiently describe the specific areas by lots and concessions, including detailed maps, for which the certificates are granted which make OEB's staff proposed clause unnecessary.

#### **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 or supply natural gas in the Township of South-West Oxford. A map of the Township of South-West Oxford is attached as Schedule B.

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<sup>5</sup> EB-2013-0021

2. The attached certificate of public convenience and necessity granted to EPCOR Natural Gas Limited Partnership cancels and supersedes those parts of E.B.C. 111 and 119 related to the Township of South-West Oxford.
3. A certificate of public convenience and necessity, attached as Schedule C to this Decision and Order, is granted to Enbridge Gas Inc. to construct works or supply natural gas in the Township of South-West Oxford.
4. The attached certificate of public convenience and necessity granted to Enbridge Gas Inc. cancels and supersedes EB-2013-0021.
5. EPCOR Natural Gas Limited Partnership shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

**DATED** at Toronto, January 16, 2020

**ONTARIO ENERGY BOARD**

*Original Signed By*

Pascale Duguay  
Manager, Natural Gas

**SCHEDULE A**

**EB-2019-0232**

**DATED: January 16, 2020**

**Certificate of Public Convenience and Necessity for the  
Township of South-West Oxford**

**EPCOR Natural Gas Limited Partnership**

**EB-2019-0232-A**

## **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 natural gas to the

### **Township of South-West Oxford**

in the following areas:

- 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
- Concession 2 – All of Lots 15 to 28 (Inclusive), the northwest quarter of Lot 13 and the north half of Lot 14
- Concessions 3 to 9 – All of Lots 15 to 28 (Inclusive)
- Concession 10 – All of Lots 15 to 28 (Inclusive) and the southern quarter of Lot 14
- Concession 11 – All of Lots 15 to 28 (Inclusive) and the southern quarter of Lot 14
- Concession 12 – All of Lots 15 to 28 (Inclusive)

**DATED** at Toronto, January 16, 2020

**ONTARIO ENERGY BOARD**

*Original Signed By*

Pascale Duguay  
Manager, Natural Gas



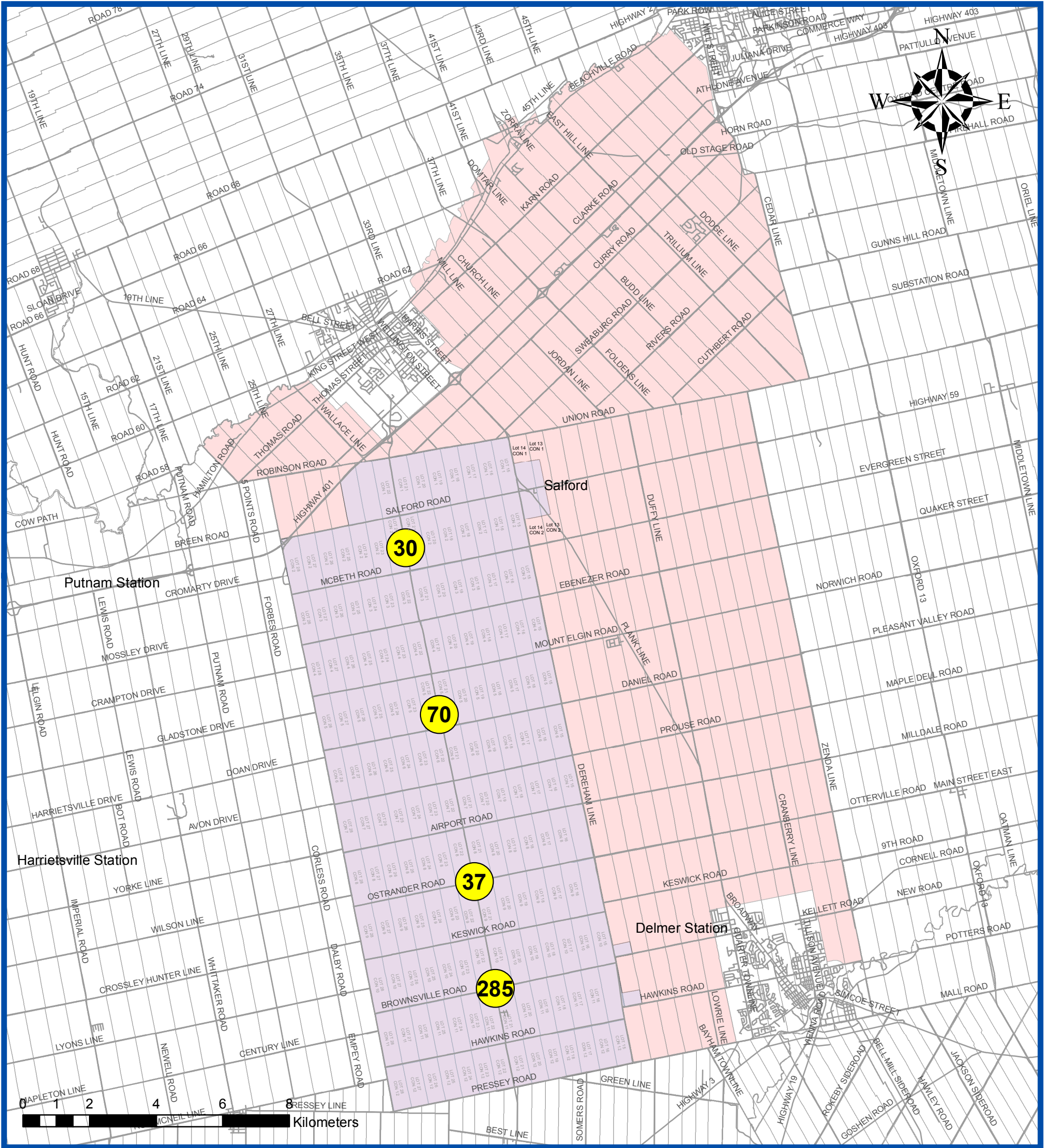
**SCHEDULE B**

**EB-2019-0232**




**DATED: January 16, 2020**

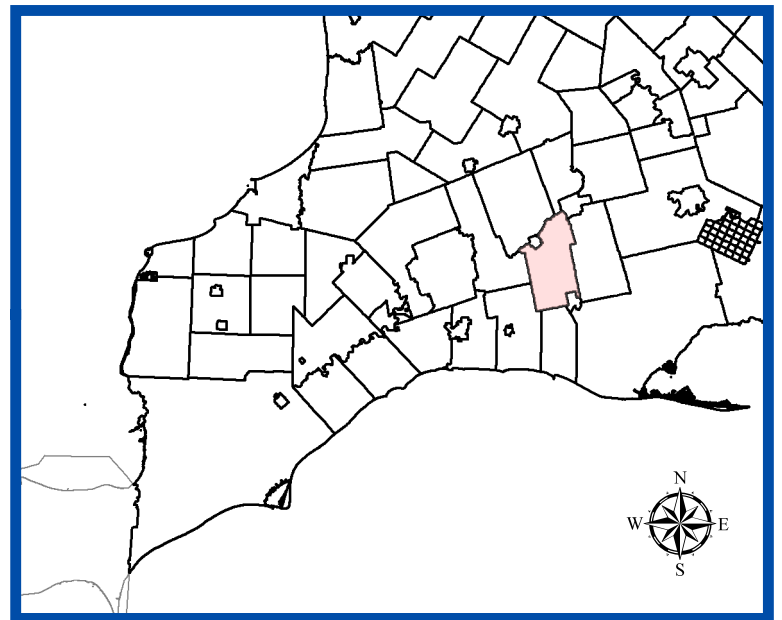
**Map of the Township of South-West Oxford**

# Municipality of South-West Oxford, Certificate Map



**Legend**

-  Number of Customers
-  Southwest Oxford EPCOR Boundary
-  SW Oxford Boundary



**SCHEDULE C**

**EB-2019-0232**

**DATED: January 16, 2020**

**Certificate of Public Convenience and Necessity for the  
Township of South-West Oxford**

**Enbridge Gas Inc.**

## **Certificate of Public Convenience and Necessity**

The Ontario Energy Board grants

### **Enbridge Gas Inc.**

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

### **Township of South-West Oxford**

except for the following areas:

- 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
- Concession 2 – All of Lots 15 to 28 (Inclusive), the northwest quarter of Lot 13 and the north half of Lot 14
- Concessions 3 to 9 – All of Lots 15 to 28 (Inclusive)
- Concession 10 – All of Lots 15 to 28 (Inclusive) and the southern quarter of Lot 14
- Concession 11 – All of Lots 15 to 28 (Inclusive) and the southern quarter of Lot 14
- Concession 12 – All of Lots 15 to 28 (Inclusive)

**DATED** at Toronto, January 16, 2020

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