



Rakesh Torul
Technical Manager
Regulatory Applications
Regulatory Affairs

tel 416-495-5499
EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.
500 Consumers Road
North York, Ontario M2J 1P8
Canada

July 2, 2020

VIA EMAIL and RESS

Ms. Christine E. Long
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. (“Enbridge Gas” or “EGI” or the “Company”)
Ontario Energy Board (“OEB” or the “Board”) File No.: EB-2020-0094
Harmonized System Expansion Surcharge (“SES”), Temporary Connection
Surcharge (“TCS”) and Hourly Allocation Factor (“HAF”) – Reply to EPCOR**

Enbridge Gas Inc. is writing in response to a letter filed with the Ontario Energy Board (“OEB” or the “Board”) by EPCOR Natural Gas Limited Partnership (“EPCOR”). In its letter dated June 25, 2020, EPCOR is requesting Enbridge Gas to produce a copy of the study that reviewed small volume customers’ energy costs and conversion costs¹. EPCOR also stated that it would like to review and ask questions on the study as it pertains to this Application.

As indicated in the pre-filed evidence, “the proposed rate of \$0.23/m³ is appropriate for small volume customers as it was derived from a study that reviewed small volume customers’ energy costs and conversion costs.”

The study that is being referred to in this Application is from each of legacy Enbridge Gas Distribution Inc. (“EGD”) and legacy Union Gas Limited (“Union”) Community Expansion applications. In Union’s original Community Expansion application, EB-2015-0179, Exhibit A, Tab 1, dated July 23, 2015², the Company provided the basis upon which the surcharge amount of \$0.23/m³ was derived. This amount was based on a specific payback period which took into account conversion costs for small volume customers.

Similar evidence on the derivation of the surcharge amount (including the conversion costs) was provided in EGD’s Fenelon Falls Pipeline Project, EB-2017-0147, Exhibit B,

¹ EB-2020-0094, Exhibit B, Tab 1, Schedule 1, page 4 of 16

² Union filed an updated application and evidence on March 31, 2017 to reflect the Board’s findings in the Generic Community Expansion proceeding (EB-2016-0004) Decision with Reasons (dated November 17, 2016).

Tab 1, Schedule 1, dated July 26, 2017.

The surcharge amount of \$0.23/m³ was approved by the Board in each of the above proceedings.

In its Decision on Union's Community Expansion Application, dated August 10, 2017, the Board approved the rate surcharge of \$0.23/m³ for four communities.

In its Decision on EGD's Fenelon Falls Application (EB-2017-0147), dated March 1, 2018 ("Fenelon Falls Decision"), the OEB approved the \$0.23/m³ surcharge for all new customers of future Community Expansion Projects and accepted that approval of a fixed quantum of a volumetric surcharge will be more efficient.

Also, in its Decision on EGD's Scugog Island Project (EB-2017-0261), the OEB found that specific approval of the SES is not required given the generic approval in the Fenelon Falls Decision.

The \$0.23/m³ rate surcharge is well-established and has been accepted and approved by the Board on several occasions. For this reason, Enbridge Gas believes that to the extent EPCOR's request amounts to re-examining the surcharge, it is out of scope for this Application that seeks only to harmonize the use of the Board-approved surcharge for future expansion projects.

Please contact the undersigned if you have any questions.

Yours truly,

Rakesh Torul
Technical Manager,
Regulatory Applications

cc: Tania Persad, Sr. Legal Counsel
All parties in EB-2020-0094