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Our File No.: 274433
Date: September 18, 2020

RESS AND EMAIL

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Dear Ms. Long,

**Re: Enbridge Gas Inc. Harmonization of System Expansion Surcharge,
Temporary Connection Surcharges and Hourly Allocation Factor-
(SES TCS HAF)
EB-2020-0094
CPA Submissions**

We are counsel to the Canadian Propane Association (the "**CPA**"), an intervenor in this proceeding.

Attached are CPA's Written Submissions, in accordance with the Procedural Order No. 2, issued by the Board on August 13, 2020.

Yours truly,



Laura Brazil

Encl.

cc: OEB Case Manager
OEB Counsel
Applicant and Intervenors

ONTARIO ENERGY BOARD

**ENBRIDGE GAS INC.
APPLICATION FOR APPROVAL OF A SYSTEM EXPANSION
SURCHARGE, A TEMPORARY CONNECTION SURCHARGE
AND AN HOURLY ALLOCATION FACTOR
EB-2020-0094**

**SUBMISSIONS OF THE
CANADIAN PROPANE ASSOCIATION**

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I. OVERVIEW

1. CPA makes these submissions further to the Argument-in-Chief of Enbridge Gas Inc. (“**Enbridge**”) dated September 3, 2020 (the “**Argument**”). These submissions focus on the System Expansion Surcharge (“**SES**”) and the Temporary Connection Surcharge (“**TCS**”, together with the “**SES**”, the “**Surcharges**”).¹

2. It is premature for the OEB to grant further blanket approval of the Surcharges. The OEB should not end its project-specific oversight until Enbridge has a proven record of implementing the Surcharges in a way that does not harm customers and provides accurate project forecasts.

3. Enbridge has not yet established any such record. On the contrary, numerous customers said Enbridge misled them about how much the SES would cost. This harms customers and calls into doubt the veracity of Enbridge’s attachment forecasts, a critical measure of each project’s financial viability. Further, the TCS is an entirely new surcharge that has never been approved for use in any project. Enbridge’s record shows that it needs more, not less, OEB oversight.

4. Among other things, maintaining at least some project-specific oversight will allow the OEB to consider Surcharge disclosure and other issues as they arise and address them in future project-specific decisions. The OEB should have the benefit of a full application to assess those issues.

5. Accordingly, the OEB should decline Enbridge’s request to grant further blanket approval of the Surcharges at this time. In the alternative that the OEB does grant blanket approval of the Surcharges, it should require Enbridge to seek prior OEB approval of its Surcharge survey and marketing materials to ensure that customers are not misled and attachment forecasts are accurate.

¹ As defined in Enbridge’s Answers to Interrogatories updated August 18, 2020 (“**Enbridge’s Answers to Interrogatories**”).

II. SES COMPLAINTS SHOWS NEED FOR MORE OVERSIGHT

6. Enbridge says that it will inform potential customers of the SES details as each project is developed, as well as at the time that customers apply to Enbridge for service. However, numerous customers in Fenelon Falls, Kawartha Lakes, Milverton, and Prince Township have complained that Enbridge misled them about the SES.

7. In Fenelon Falls, Enbridge customer Carolyn Parker submitted a complaint letter dated March 26, 2019 stating that Enbridge's representatives and literature never informed her about the SES. It was not until after she had converted to natural gas and connected to the Enbridge system that she learned of the SES rates.² Numerous other Fenelon Falls customers have complained about "hidden"³ SES fees and said that they too were never advised of the surcharge before signing up for Enbridge's service.⁴

8. Similarly, Kawartha Lakes residents also complained that Enbridge failed to disclose the SES until after they connected to the Enbridge system. A Global News article about the complaints reported that Enbridge "confirmed the initial letter sent out by the company's president to potential customers did not disclose the [SES] fee."⁵ In another article on the issue, the Enbridge spokesperson admits that they "should have done a better job" and that they used an all-in cost instead of disclosing the SES.⁶ As in the other communities, customers complained that Enbridge never informed them about the SES before they signed up for natural gas service.⁷

9. In Milverton and Prince Township, customers similarly complained about the SES, including that they never "approved" of it.

² Complaint Letter dated March 26, 2019 filed with the Board on April 5, 2019 in EB-2017-0147.

³ Enbridge Answers to Interrogatories, Exhibit I.CPA.3, attachment 1, page 6 of 12.

⁴ For example, Enbridge Answers to Interrogatories, Exhibit I.CPA.3, attachment 1, page 11 of 12.

⁵ CPA Interrogatories to Enbridge dated July 6, 2020 ("CPA Interrogatories"), Exhibit D, "New Natural Gas Customers in Kawartha Lakes Upset with Enbridge Monthly Expansion Surcharge fee" by Mark Guinta, Global News, February 8, 2019.

⁶ CPA Interrogatories, Exhibit E, "Cameron Area Residents Accuse Enbridge Gas of Hiding System Expansion Surcharge" by Mary Riley, My Kawartha, February 18, 2019.

⁷ Enbridge Answers to Interrogatories, Exhibit I.CPA.3, attachment 1, page 9 of 12.

10. Enbridge's primary response to these complaints was as follows:

- (a) **Terms and Conditions Form:** Enbridge made customers acknowledge its terms and conditions. Enbridge did this to protect itself, not customers. Presumably, Enbridge wants customers to sign the terms and conditions form so they cannot later complain that Enbridge failed to notify them about the SES.⁸
- (b) **Telephone Blitz:** In its Answers to Interrogatories, Enbridge said the purpose of the blitz was "to ensure all customers acknowledged the SES requirement had a signed Term and Conditions agreement" [*sic*].⁹ Again, acknowledging the Terms and Conditions is for Enbridge's, not the customer's, benefit.
- (c) **Legacy Union Acknowledgment During Account Opening:** Enbridge touted its inclusion of an "SES note" in "step 5 of account creation" online. However, it also states that this note has been in existence "since the commencement of community expansion in 2017." This note was apparently not sufficient to stem the flood of customer complaints about the SES.¹⁰ In addition, burying the note in step five of the account creation process is not sufficient warning that customers are signing a contract requiring them to pay an average of \$552 per year for up to 40 years.¹¹
- (d) **Additional Meetings with Enbridge Customer Service:** Enbridge says it lengthened office hours and made additional customer service calls. However, Enbridge supplied no training materials or transcripts that clarify what exactly Enbridge said to potential customers during those meetings. In fact, one of the

⁸ Enbridge Answers to Interrogatories, Exhibit I.CPA.3, attachment 1, page 1 of 12.

⁹ Enbridge Answers to Interrogatories, Exhibit I.CPA.3, attachment 1, page 1 of 12.

¹⁰ Enbridge Answers to Interrogatories, Exhibit I.CPA.3, attachment 2, page 1 of 12.

¹¹ Enbridge Answers to Interrogatories, Exhibit I.CPA.3, attachment 3, page 5 of 7.

customer complaints specifically noted that frontline customer service staff did not understand the SES or even know what it was.¹²

- (e) **New Written Marketing Materials:** Enbridge's original materials lacked transparency about the SES. Given the disclosure issues identified above, Enbridge should be required to seek OEB approval of its marketing and survey materials for all future Community Expansion Projects.¹³

11. Enbridge admits it failed to disclose the SES to customers. In light of this admission, further blanket approval should not be granted until Enbridge can at least show a record of proper disclosure on several projects.

III. TCS IS NEW AND UNTESTED

12. The TCS is entirely new. As Enbridge confirmed in its own Answers to Interrogatories, the OEB has never granted approval for Enbridge to impose this Surcharge in any Ontario community.¹⁴ The OEB should not reduce its oversight of the TCS until Enbridge has successfully applied it in at least several projects without issue.

IV. OVERSIGHT OF ECONOMIC FACTORS REMAINS CRUCIAL

13. Recent issues with Enbridge's existing Community Expansion Projects also raise concerns about the economic modeling underlying these projects. For example, Enbridge's failure to disclose the SES in the four communities described above calls into question its attachment forecasts for those communities. Enbridge's customer complaint records include examples of customers reversing their decision to attach when they discovered they would have

¹² Enbridge Answers to Interrogatories, Exhibit I.CPA.3, attachment 2, page 3 of 12: When the customer called Enbridge, "front line staff indicated that they did not know of any surcharge."

¹³ As defined in Enbridge's Answers to Interrogatories.

¹⁴ Enbridge Answers to Interrogatories, Exhibit I.CPA.3, page 2 of 2.

to pay the SES.¹⁵ If Enbridge is not disclosing the SES to customers when conducting attachment surveys, any resulting forecasts will be skewed in favour of too many forecasted attachments.

14. Similarly, in the Fenelon Falls Community Expansion Project, Enbridge offered a 50-meter no-cost connection to customers, instead of the permitted 20-meter no-cost connection.¹⁶ Offering the 50-meter connection would have also skewed the forecasted attachments, because more people will connect if they need not pay a Contribution In Aid of Construction. It was only after the OEB held in EB-2018-0305 that Enbridge had unilaterally and improperly revised its connection policies without first seeking OEB approval that Enbridge stopped advertising the 50-meter no-cost connection. This is another issue that proves Enbridge is not yet ready to administer the Surcharges without project-specific OEB oversight.

V. BENEFITS OF PROJECT-SPECIFIC APPROVAL

15. We cannot predict with certainty what other issues will arise in future Community Expansion Projects. Maintaining at least some project-specific oversight will allow the OEB to fully consider such issues. The OEB can then address them in project-specific decisions. For example, in light of the numerous customer complaints about the SES to date, the OEB may wish to impose special SES disclosure requirements on Enbridge as part of any project approval.

16. There are numerous other benefits to considering approval on a project-by-project basis. The OEB should consider whether there is actually a need for particular system expansion projects, how much each proposed project costs, and how long Enbridge intends to apply the Surcharges. The OEB should ensure that Enbridge's forecasts reflect evolving technologies and climate change initiatives that could significantly reduce the demand for fossil fuels over the following decades. The OEB should have the benefit of a full application process to assess all of these issues.

¹⁵ Enbridge Answers to Interrogatories, Exhibit I.CPA.3, Attachment 1, page 6 of 12.

¹⁶ Enbridge Answers to Interrogatories, Exhibit I.CPA.1, (a), page 3 of 3.

VI. THE OEB SHOULD NOT GRANT FURTHER BLANKET APPROVAL

17. Enbridge seeks to paint this application as merely “harmonizing” different rate zones or making “minor” changes for the purpose of “consistency.” In fact, this application is anything but minor. In the prior blanket approval application, the OEB did not have the benefit of knowing how the SES would affect communities. It is now clear that the SES has harmed at least some consumers. Now is not the time to withdraw the remaining project-specific oversight.

VII. IN THE ALTERNATIVE, OEB SHOULD ISSUE SES DISCLOSURE GUIDELINES

18. In the alternative that the OEB does grant blanket approval to Enbridge to impose the Surcharges, the OEB should require Enbridge to obtain prior OEB approval of Enbridge’s survey and marketing materials for the Surcharges. This will at least protect customers from the lack of disclosure that occurred in Fenelon Falls, Kawartha Lakes, Milverton and Prince Township.

VIII. COSTS

19. CPA hereby requests that the OEB order payment of its reasonably incurred costs in connection with its participation in this proceeding. CPA submits that it has participated responsibly in all aspects of the proceeding in a manner designed to assist the OEB as efficiently as possible.

All of which is respectfully submitted.



McMillan LLP
Per: Laura Brazil
Counsel for the Canadian Propane Association