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Enbridge Gas Distribution Inc. (EGI)
EB-2020-0094
System Expansion Surcharge, /Temporary Connection Surcharge/ Hourly Allocation Factor

Submission
of the
Vulnerable Energy Consumers Coalition
(VECC)

September 21, 2020

Vulnerable Energy Consumers Coalition

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Overview and Summary of Submissions

1. The Board in Procedural Order No.1 listed the issues in this proceeding as:

   - Approval of the SES for future Community Expansion Projects.
   - Approval of the TCS for Small Main Extension and Customer Attachment Projects.
   - Approval of amendments to Rider I of the Rate Handbook for the EGD rate zone and Rate Schedules for Rates 01, 10, M1 and M2 for the Union rate zones to implement the SES and TCS.
   - Approval of an HAF to be applied in the economic feasibility calculation of future Development Projects consistent with the E.B.O. 188 Guidelines
   - Amendments to the Company's feasibility policies to implement the HAF, SES and TCS

2. VECC supports the approval of the proposed SES charge.

3. VECC submits the Board should reject the TCS and HAF proposals and until such time it has completed a public review of the Board's policies previously set out in E.B.O .188. (EBO 188).

System Expansion Surcharge (SES) / Temporary Connection Surcharge (TCS)

4. In this application Enbridge has divided it expansion projects into three categories:
   i. **Community Expansion Project** – system expansion project for which the profitability index ("PI") is less than 1.0 and which provides first-time natural gas service to a minimum of 50 potential small volume general service customers, each of whom consume 50,000 m3 per year ("small volume customers").
   ii. **Small Main Extension or Customer Attachment Projects** – other forms of distribution expansion or extension projects for which the PI is less than 1.0 and which provide natural gas access to fewer than 50 potential small volume customers.
   iii. **Development Projects** – system expansion project that will expand capacity over a certain area to serve increasing demands from existing and/or new customers.

5. Enbridge Gas is requesting a single SES of $0.23 per cubic metre with pre-set criteria consistent across the Enbridge Gas rate zones (Enbridge and Union) to apply to Community Development Projects. Potential customers of these projects who consume more than 50,000 m^3 per year would have the option of paying the SES or negotiating another method

of contribution to the project (lump-sum contribution-in-aid of construction (CIAC) or through multi-year contract guarantees). The SES would apply for a period of a maximum of 40 years and is not adjusted or eliminated once the period has been initially calculated and set to meet the economic requirement of a PI of 1.0[1] The ongoing obligation for payment of the SES will attach to the property (not the owner) for the balance of the original term.

6. Enbridge would not, under its proposal, seek to recover from existing or new community expansion customers any shortfall in revenue requirement for the first 10 years of a project's in-service date. At the first rebasing of rates subsequent to the end of the 10-year rate stabilization period (RSP) the Utility would seek to include the actual project costs into rate base.[2] In essence the Utility bears the risk for the 10- year period and Utility shareholders profit or lose depending on the variance from the original customer attachment forecast. Any load forecast risk for larger customers would depend upon whether the customer contributed a lump sum (CIAC) or is subject to a contract with the Utility, in which case the load variance risk may attach to the customer.

7. The TCS is a charge similar to the SES of $0.23 per cubic metre, but would apply to "Small Main Extension or Customer Attachment Projects." These are projects defined by Enbridge as providing access to fewer than 50 potential small volume residential or commercial customers. Availability of a TCS for small main extensions or attachments would be an alternative to CIAC for those customers, but as is the case for SES Community Expansion projects a CIAC or contracting alternatives would be available to large customers (50,000m3 per year). The TCS would be for a period of up to 20 years and "*would apply to those small volume customers who would otherwise be required to pay a CIAC in order to make gas service to their property economically feasible at a PI of 1.0*."[3]

<u>Submission on SES/TCS</u>

8. In a general sense VECC has no objection to the rationalization of a SES rate rider which would be used without recourse to the Board by the Utility. Enbridge's proposal would allow it to expand into new areas without needing to constantly return to the Regulator to have these projects (rider) approved. This would reduce regulatory costs and provide greater certainty to the Utility to plan system expansions. We support this part of the proposal.

9. At the same time providing the Utility with carte blanche to apply the rate rider can only be done if the rules for its application are well articulated and meet the principles of the

[1] See I.Staff.1
[2] Exhibit B, Tab1, Schedule 1, page 7
[3] Exhibit B, Tab 1, Schedule 1, page 9

Board's EBO 188 policy. Unfortunately, the proposal before the Board leaves question of fairness and compliance unanswered.

Contributions vs. the SES/TCS

10. With respect to contributions-in-aid of construction the Utility states in this application[4]:

> *Larger volume customers typically have different costs and potential savings such that $0.23/m3 would make conversion uneconomic. Feasibility for large volume customers within a Community Expansion Project will be calculated separately in accordance with the Board's E.B.O. 188 Guidelines and any required contribution in aid of construction ("CIAC") will generally be applied directly to those customers or addressed through the applicable large volume rate multi-year contracts.* ***However, the option will be available to these customers to pay the SES in lieu of or in addition to a CIAC.*** (emphasis added)

11. Enbridge also states that refunds of CIAC may be requested by customers when the actual customer count on the system expansion exceeds the original forecast, unless the CIAC was applied in lieu of a SES (or presumably also a TCS) charge. We presume the Utility is speaking of lump-sum prepayments and not "like type "contract provisions. In any event, Enbridge states that "*it is the Company's policy to review CIACs upon the request of a customer five years after the activation of the gas service for that customer. At this time if it is found that the CIAC should have been a lower amount than that originally paid by the customer the Company would refund the difference to the customer. For the Union rate zones, CIAC reviews and refunds are not part of the connection policy*".[5]

12. Two points: the first is that under the proposal Enbridge puts the onus on the customer to apply for a CIAC refund – even though they might have little reason understand that such a refund could be available. We are uncertain why onus likes with a CIAC paying customer to "figure out" if they are owed a refund.? A customer irrespective of its largeness or sophistication may have no idea as to either the original project estimate or the actual outcomes. In our submission one shouldn't need to be steeped in the projects details to avail themselves to an entitlement.

13. The second point is that the entire concept seems inconsistent. A customer might choose between a lump-sum CIAC and an SES charge, but only the case of the former would a refund potentially be made available. Why is the form of contribution determinative of the possibility of refund?

[4] Exhibit B, Tab 1, Schedule 1, page 4
[5] I.Staff.2

14. Nor is it clear under what circumstances a large customer is offered either a lump sum CIAC, a SES , a TCS , or a contract commitment, in order to attain service. Finally, it is not clear in any of those circumstances why large industrial or commercial customers might be offered refunds when better than anticipated project performance occurs whereas residential customers are relegated to paying their SES or TCS charge irrespective of actual outcomes. Are residential customers second class ratepayers?

Compliance with EBO 188 Policies

15. Enbridge was asked how would it differentiate between expansion projects that would normally be constructed requiring only with a PI of 0.8 (even after a CIAC was collected from customers) and community expansion projects where it would apply an SES and require a PI of 1.0 for the project. The Utility answered:[6]

> *Enbridge Gas does not propose to differentiate between expansion projects that Enbridge Gas would have normally constructed requiring only a PI of 0.8 (even after a CIAC was collected from customer/s) and community expansion projects that Enbridge Gas would apply an SES to and therefore require a PI of 1.0 for the project. All expansion projects will be tracked within the Rolling Project Portfolio and Investment Portfolio consistent with the requirements of EBO 188.*

16. With respect to TCS or "Small Mains Projects" the Utility was asked "*How does Enbridge Gas intend to differentiate between infill projects that would have normally been constructed requiring only a PI of 0.8 and TCS projects that require a PI of 1.0*? The answer was "[*T*]*he TCS option would only be considered and offered in cases where an infill project would require a CIAC*." When the direct question was put: "*If Enbridge Gas's proposal is approved, will a PI of 1.0 apply to all projects going forward? Or will some projects still be considered feasible at a threshold PI of 0.8?*" To this Enbridge answered: *The SES and TCS options would only be considered and offered in cases where a project would require a CIAC.* ***Projects that do not require CIACs would be treated in accordance with the Board's EBO 188 Guidelines which call for a minimum Project PI of 0.8****.*[7] (emphasis added)

17. This leaves us rather confused since it begs the question as to whether Enbridge undertakes any projects assessed at a of PI of between 0.8 and 1.0 and without requiring any form of incremental funding from potential attaching customers? That is - does the Utility intend to continue to carry out the EBO 188 policy? If so, what are the criteria for a project assessed at an economic value of between 0.8 and 1.0 and for which the Utility will not seek any form of CIAC to be included in an (investment or rolling) Enbridge portfolio?

[6] I.Staff.1
[7] I.Staff.7

18. More specifically, since the project type definitions provided by Enbridge to apply to the SES and TCS would appear to encompass both "expansion" and "infill"[8] - i.e. all projects - what projects might be included in the portfolio with a PI of between 0.8 and 1.0 and for which no contribution of any form has been sought? The best answer we can find to that is in response to an interrogatory from SEC where the Utility stated[9]:

> *EBO 188 permits a utility to use a minimum PI of 0.8 for individual projects as long as the utilities manage their Rolling project Portfolio (RPP) and Investment Portfolio (IP) above 1.0. This allowance does not preclude utilities from using a higher PI threshold (i.e. above 0.8) for project assessment. In order to achieve the PIs required for the RPP and IP, Enbridge Gas uses a PI of 1.0 for a vast majority of its system expansion projects and rarely applies a PI below 1.0 for project assessment**. Enbridge Gas allows a PI below 0.8 only for projects which are critical for customer growth for e.g., system reinforcement projects.** System reinforcement projects are designed to cater to future customer growth and are identified in the Company's Asset Management Plan.*

19. We note that the Utility isn't saying it could not do projects with PI's of between 0.8 and 1.0 and maintain a positive portfolio – only that they are not generally doing that and in fact have undertaken no projects in the past year where the PI was less than 1.0[10]. We know that the investment portfolio is above 1.0 in all rate zones so room for such projects may be available. VECC was unable to ascertain the value of the Rolling Project Portfolio[11] in the proceeding. In any event to our knowledge the Board has never done an in-depth analysis or audit of the investment portfolios of the Utility (or its predecessors).

20. Why Enbridge is not more fully utilizing the portfolio to expand service in also unclear. Because the Board limited the technical conference to the issues of the HAF VECC was unable to clarify the Utility's position on this matter. VECC raised similar questions in its argument in EB-2017-0147, the Community Expansion project for Fenelon Falls. While we supported that project and the use of a similar SES (as we do in a general sense in this proceeding) we noted the problem posed by the ambiguity as between what projects are required to reach a PI or 1.0 and what projects continue to be included in the EBO Investment or Rolling portfolio with a PI of between 1.0 and 0.8. The Panel in that case dismissed our concerns writing:

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[8] Enbridge states the TCS will apply to both new developments and existing homes – see I.Staff.7

[9] I.SEC.5

[10] 1.Staff.10 – we note in response to this interrogatory did not indicate how many such projects had been undertaken previously.

[11] The Rolling Project Portfolio maintains a rolling 12-month distribution expansion portfolio including the cumulative result of project-specific discounted cash flow analyses and does not include customer attachments from existing mains constructed in prior years. See I.Staff.10

VECC on the other hand has argued that the proposed projects fall within the policies of E.B.O. 188 and they should be included in Union's investment portfolio. VECC has argued that all the proposed projects are contiguous to Union's current serving territory.

In other words, the projects are eligible to be at a PI of 0.8 to 1.0 as per the existing E.B.O. 188 guidelines. VECC submitted that the OEB should order Union to recalculate the SES at the mid-point PI of 0.90 and incorporate these projects into its investment portfolio.

VECC has argued that the projects are contiguous to Union's current distribution system. This is incorrect as the projects are not normal distribution system expansion projects such as providing service to a new subdivision. Further, in many subdivision projects, the developer charges new buyers for providing utility and other services that reflects the contribution in aid-of-construction charged by the utilities. All the proposed projects require installation of a main and are not economically feasible under the current guidelines. If the projects would fit under the current guidelines or the expansion customers would be willing to make the required capital contribution, Union would have already expanded into the communities. It was clear in the Generic Proceeding that these projects required a different approach and subsidy from existing customers was not appropriate as the benefits to the new community expansion customers of converting to natural gas far outweigh the costs to serve them. Setting a PI of 0.9 would require a subsidy from existing customers.

21. While we respect the Board rejected our solution to the problem the problem itself remains. Our point was the uncertainty as to what projects would lend themselves to the benefit of the Board's EBO 188 policy and what projects would not. The Panel in that proceeding seemed to believe that "*all the proposed projects require installation of a main and are not economically feasible under the current guidelines.*" Leaving aside we do not understand what evidence was relied upon for that finding (or for that matter the relevance of costs subdivision developers might or might not include in new homes), our concern was the ongoing relevance and applicability of the EBO 188 policies. This application raises those same concerns.

22. The decision in EB-2017-0147 appears to call into question the entire concept of the EBO 188 portfolio policy. The Panel in that proceeding was concerned that "[*S]etting a PI of 0.9 would require a subsidy from existing customers*" seemingly unaware that the entire premise of EBO 188 is to allow expansions by balancing more and less financially attractive

attachment projects. In that way the Utility is able to expand gas service without needing to raise the rates of customers.[12] This point is made clear in the EBO 188 policy:[13]

> *The Board recognizes that subsidization can be measured at both the project and portfolio level. An overall rolling portfolio P.I. of 1.0 means that existing customers will not suffer a rate increase over the long term as a result of distribution system expansion. The Board is therefore of the view that an overall portfolio P.I. of 1.0 or better (emphasis added) is in the public interest. Using this approach will obviate the need for the intense scrutiny of the financial viability of each project; will ensure that existing ratepayers are not negatively impacted by new projects (given the Board's proviso above on the sharing of risks);* ***and assist communities to obtain gas service where otherwise it would not be financially feasible on a stand-alone basis.*** (emphasis added)

23. The Panel in EB-2017-0147 also seemed to hold that the revision to the EBO 188 policies made in EB-2016-0004 the Generic Proceeding on Community Expansion eliminated the concept of a cross-subsidize among customers on a rate neutral basis. We do not think that is the case based on a review of the Board's findings in that proceeding:[14]

> *The E.B.O.188 guidelines provide for economic growth of the natural gas distribution system with limited cross subsidies to some projects within a portfolio in any given year. The proposals put forward by Enbridge and Union seek, amongst other things, to increase the amount of subsidization that would occur as well as introduce other mechanisms that would fund the expansion projects.*

24. That is, the Board recognized that cross-subsidies are inherent in the EBO 188 policy and went on to write:

> *The OEB does not consider it appropriate or necessary to subsidize projects that result in sufficient savings to customers to cover the costs of the projects. What is required is a method of overcoming the upfront investment hurdle.*
>
> ***E.B.O.188 guidelines function well in the natural growth driven expansion of the distribution system at the edge of the serviced areas. These areas often do not require large investments, and in the case of new development, there is an identifiable party available to pay any contribution that may be required.*** *(emphasis added)*

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[12] This is especially true when utilities are in multi-year or rate deferral periods in which the "benefit" of attaching highly profitable customer connections do not find their way into rates.

[13] Final Report of the Board, E.B.O. 188, January 30, 1998, page 8

[14] Decision with Reasons, EB-2016-0004, Ontario Energy Board Generic Proceeding on Community Expansion, November 17, 2016, page

The guidelines function less effectively when applied to expansions to discrete new areas which are not contiguous to the existing distribution system.

25. That is, the Board acknowledges the advantage of "SES" type of rate riders that would allow customers who benefit and are willing use a rate rider to access service.[15] This provides a compelling reason for the Board to accept Enbridge's SES (community expansions) proposal - and we support that proposal. At the same time, it calls into question the relevance of the existing EBO 188 policy. If Enbridge's position is to make all small extension projects (50 customers) also all meet a PI of 1.0 or greater then what remains of the EBO 188 policy? In our submission this makes the proposal for a TCS (small main extensions) less compelling and until this issue is resolved. It would seem to us that small main extensions of 50 customers are likely infill projects many (though not all) which would have better than average returns.

26. In either case it leaves open the question as to precisely what projects with a PI of less than 1.0 and greater than 0.8 and without a customer contribution of any type (CIAC/SES/TCS/Contract) are eligible for the EBO (Enbridge's rolling or investment) portfolio?

27. In EB-2017-0147 the Board stated : "*The OEB is not prepared to change the PI of 1 requirement for Community Expansion Projects*". While we cannot find where this requirement originates we accept the EB-2017-0147 Decision as the Board's most recent ruling on the matter. In EB-2016-0004 the Board did say[16]:

The OEB does not consider it appropriate or necessary to subsidize projects that result in sufficient savings to customers to cover the costs of the projects. What is required is a method of overcoming the upfront investment hurdle.

28. Presumably this means that projects where there are insufficient savings for customers to cover the costs of the project might still be able to use the EBO 188 policies to provide a cross subsidy and thereby expand service where it might not be available (even with the application of a SES or TCS type rider). And as we have noted in the past the definition of "Community Expansion Project" is an amorphous term and somewhat in the eye of the

[15] Based on our experience we would suggest the idea of an incremental rate rider, i.e. an SES, was also due to the long-run experience that showed the impracticality of trying to use CIAC lump sum payments to raise incremental revenue from residential customers who might benefit from gas service over the long-run.
[16] Decision with Reasons, EB-2016-0004, Ontario Energy Board Generic Proceeding on Community Expansion, November 17, 2016, page 18

beholder.[17] In this case the term attaches itself to projects with more than 50 customers which, we would argue, is arbitrary.

29. The evidence is not clear as to why Enbridge distinguishes between projects involving more than or less than 50 customers.[18] While at some level what differentiates a "Community Expansion Project" and a "Small Main Extension or Customer Attachment Projects" might seem obvious, in others cases it may not be so clear cut. It might be just as apt to distinguish projects by something called "expansions" and "infill". In any event there is no evidence which supports the use of "50" customers as being determinative of anything. From what we can gather it's just a number and could just as well be "40" or "75" , or something else.

30. VECC made lengthy submissions on this "definitional" issue in EB-2017-0147. We preferred the use of "contiguous" and "non-contiguous" as a way of differentiating projects based on the idea that the latter projects required more costly (large or lengthy) main extensions. The Board rejected that definition in EB-2017-0147, but we do not think Enbridge's definition of number of customers inherently more logical.

31. It is not clear under Enbridge's proposal whether there are any projects left to be cross-subsidized as per the EBO 188 policy. It appears to us that the Utility anticipates only proceeding with projects that meet a criterion of a PI of 1.0 (with a SES, TCS or CIAC) or greater or they will not be undertaken. If this is correct, then the long-standing EBO 188 policy of using financially attractive projects to offset less attractive projects is for all intent and purpose defunct.

32. And If this is indeed the case the concept of a "portfolio" itself becomes irrelevant. If all projects are required to meet the financial threshold of 1.0 or greater than is the purpose of a portfolio? Isn't all that is left is a measurement of how in the aggregate profitable are the projects undertaken? If all projects are based on making the Utility a profit (PI of 1 or greater) then what is the purpose of monitoring a portfolio of those projects? During the rate rebasing deferral period the Utility shareholders would benefit from this, but in the long-run as the projects are incorporated into rate base this would (at least theoretically) provide all customers some rate relief since only assets providing positive returns are being included in the calculation of rates.

[17] We had suggested use of contiguous service lines to be a more objective definition – but that was also rejected.
[18] See for example the response to I.Staff.7 a)

33. On the other hand, if our supposition is incorrect - and there remain projects with a PI of between 0.8 and 1.0 that could be undertaken and who could receive funding from the portfolio with or without additional incremental funding in the form of CIAC, SES, or TCS - then which projects are these? Enbridge appears to say – only "system reinforcement projects." If this is all that remains then in our view the Board should revisit the EBO 188 policy so it can examine such questions as: (i) are any new customers who can be attached by using the benefit from the cross-subsidies inherent in the EBO policy? ; (ii) if the cross-subsidies are only available to "system reinforcement projects" which projects might these be?; (iii) If it is such a limited number of projects might it not be better to consider these projects discretely?; (ii) is it left up to the Utility to determine when it will keep the portfolio at a high PI so that shareholders may make monetary gains during rate deferral periods? In sum we believe the Board should revisit its policy and satisfy itself that ratepayers are receiving fair treatment and that the policy is used to maximize the number of customers who can avail themselves to the benefit of natural gas service.

34. In 1998 the Board had this to say about its EBO 188 policy:

> *Despite the advantages of a portfolio approach, the Board is of the view that certain containment practices should be put in place in order to ensure that:*
>
> - *ratepayers are protected from financially risky decisions on expansion by the utilities;*
> - *the utilities make decisions on which projects should proceed in an even-handed manner;*
> - *the cumulative impact on rates is not undue in any given year;*
> - *the continued expansion of natural gas service is in the overall public interest; and*
> - *the economic inefficiencies implicit in including projects with negative P.I.s do not outweigh the public interest benefits of the portfolio approach.*

35. It is somewhat ironic to consider that 20 years ago the Board's main concern with the portfolio approach was ensuring that the gas utilities would not use the policy to "build rate base." But that was in a period in which gas utilities had annual cost of service proceedings. In today's environment the Utility is incented to maximize profits by making investments with the best returns during the rate deferment period. During these periods there is little incentive to undertake projects which might be subsidized by less financially enriching one.

36. We are in support of giving the Utility mechanisms, like the SES, to expand service in areas where the impediment is finding a way for customers to finance the long-run benefits of gas service. However, the evidence in this proceeding and the experience being gained in the recent implementation of Community Expansion projects argues, we submit, for an exercise to modernize EBO 188.

Hourly Allocation Factor

37. Enbridge Gas is proposing that the OEB approve the use of the Hourly Allocation Factor (HAF) process as an allocation methodology for capital costs in future development projects, including any community expansion projects. The HAF is derived by dividing the net forecasted capital cost of a project by the forecasted capacity that the project serves within a development project region called the "Area of Benefit", and is expressed as a capital cost for each cubic metre per hour of incremental capacity.

38. Enbridge holds that HAF is not a charge but rather a method by which costs of a Development Project are allocated commensurate with peak hour demands. We submit that is that is really a method of calculating contribution in aid of construction (CIAC) costs for large volume customers and represents a fundamentally new way of forecasting large system loads in projects.

39. Under the current methodology used in expansion project Enbridge creates a connection and load forecast which is divided into two parts. The first part is to forecast residential and small commercial loads. This forecast is based on surveys or other polling methods and uses the number of connections with either average consumption patterns (for residential loads) or gathered intelligence on the load patterns of anticipated small and intermediate commercial loads. Currently the other part of the calculation, large contract load, is not really a forecast. For large loads the Utility requires commitment in the form of contracts or other surety.

40. The HAF proposal does not change anything with respect to the forecast of the forecast of residential and small commercial load. What is proposed is to change is the way large loads are included or not in a project's economic evaluation. Rather than rely only on committed loads Enbridge, would under the HAF policy, forecast large loads in much in the same way it does for residential and commercial connections within the 10-year horizon of a project. That is, the current "Forecast+Contract" method of determining a projects economics would become "Forecast + Contract + Large Customer Forecast" the latter factor being the HAF innovation.

41. The proposed threshold of for the HAF inclusion 50 cubic metres per hour. This means that it would not impact residential customers whose consumptions is the 1-2 metres/hr.[19] However, the policy might affect larger commercial or institutional customers such as schools, hospitals or government institutions. It is unclear to us, but it would appear that some loads captured in the current methodology under the "Forecast" could now become

[19] Technical Conference, August 20, Page 213

part of the "Large Customer Forecast" under the HAF policy. In any event the CIAC calculated under today's commonly used methodology would change because contracted load customers might need to contribute less based on the expanded "large customer" forecast now included in the economic evaluation of a project.

42. To date, the HAF has been applied only in Leave to Construct (LTC) application projects. Enbridge Gas is requesting approval to use the proposed HAF process for both LTC and non-LTC projects. Enbridge Gas is also requesting that subject to such generic approval, it would then not require subsequent "re-approval" of the HAF process as part of any future LTC that included the HAF process.

43. This might be a fair approach and it might be, as argued by Enbridge, a better planning methodology for the distribution system. Yet it also exposes all customers, including residential customers, to greater forecast risk. There is no proposal for compensating ratepayers for this new risk. And as with the SES/TCS policies it appears to us that the Utility might benefit from the proposal if used in projects which find their way into rate based during the rate deferral period.

44. Enbridge filed a number of clarifications to the HAF policy with its Argument-in-Chief. While we believe these updates are made in good faith and with the intent to help the Board, the lateness of the change is indicative to us of a more comprehensive review of this proposal in conjunction with a review of the EBO 188 policies.

Summary

45. The process in this proceeding appears to have given short shrift to clarifying issues with respect to the SES and TCS. We are concerned that the Board is predisposed to the Utility's proposal since, at least for the SES, is congruent with recent practice. VECC also believes there is merit in a mechanism or rate rider which would enlarge the communities able to benefit of natural gas service. At the same time the Board should, in our submission, deal with the broader issues of the aging EBO 188 policy and to answer the question as to whether here still benefits to be shared arising from the fact some system connections are more financially beneficial than others.

46. We are concerned that the interest of the Board might be primarily focused on the HAF proposal. Whatever it merits, we submit this initiative is also part of what is becoming an ad hoc set of rules as to how natural gas expansion should proceed over foreseeable future.

47. In our submission while the Board might approve the SES on an interim basis, it should revisit this issue once it has considered the issues of EBO 188. That, we submit, would be the best way forward to rationale a policy.

Reasonably Incurred Costs

48. VECC submits that it has acted responsibly and efficiently during the course of this proceeding and requests that it be allowed to recover 100% of its reasonably incurred costs.

THESE ARE OUR RESPECTFUL SUBMISSION

September 21, 2020