

**Schedule 7T**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - Nobel**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">McDougall (Nobel) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>



<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 7T-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 7T-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 7T-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>No letter of support has been provided by the local government in time for this project submission.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 7T-6 for Enbridge’s CPCNs for the Township of McMurrich-Monteith (EBC 285), the Township of Seguin (EBC 286) and the Town of Parry Sound (EBC 287) which cover parts of the proposed project.</p> <p>Enbridge Gas does not currently have a franchise agreement with nor a Certificate of Public Convenience and Necessity for the Municipality of McDougall.</p>
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**Part IV – Cost of Project**

4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
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4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 7T-2, Table 4.2.</p>
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4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 10</th> </tr> </thead> <tbody> <tr> <td>Closing Rate Base</td> <td></td> </tr> </tbody> </table> <p>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</p> <p>Please refer to Schedule 7T-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$32,771,572</p> <p>Please refer to Schedule 7T-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$108,876</p> <p>Please refer to Schedule 7T-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$31.74</p> <p>Please refer to Schedule 7T-2, Table 5.3.</p>

<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 7T-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

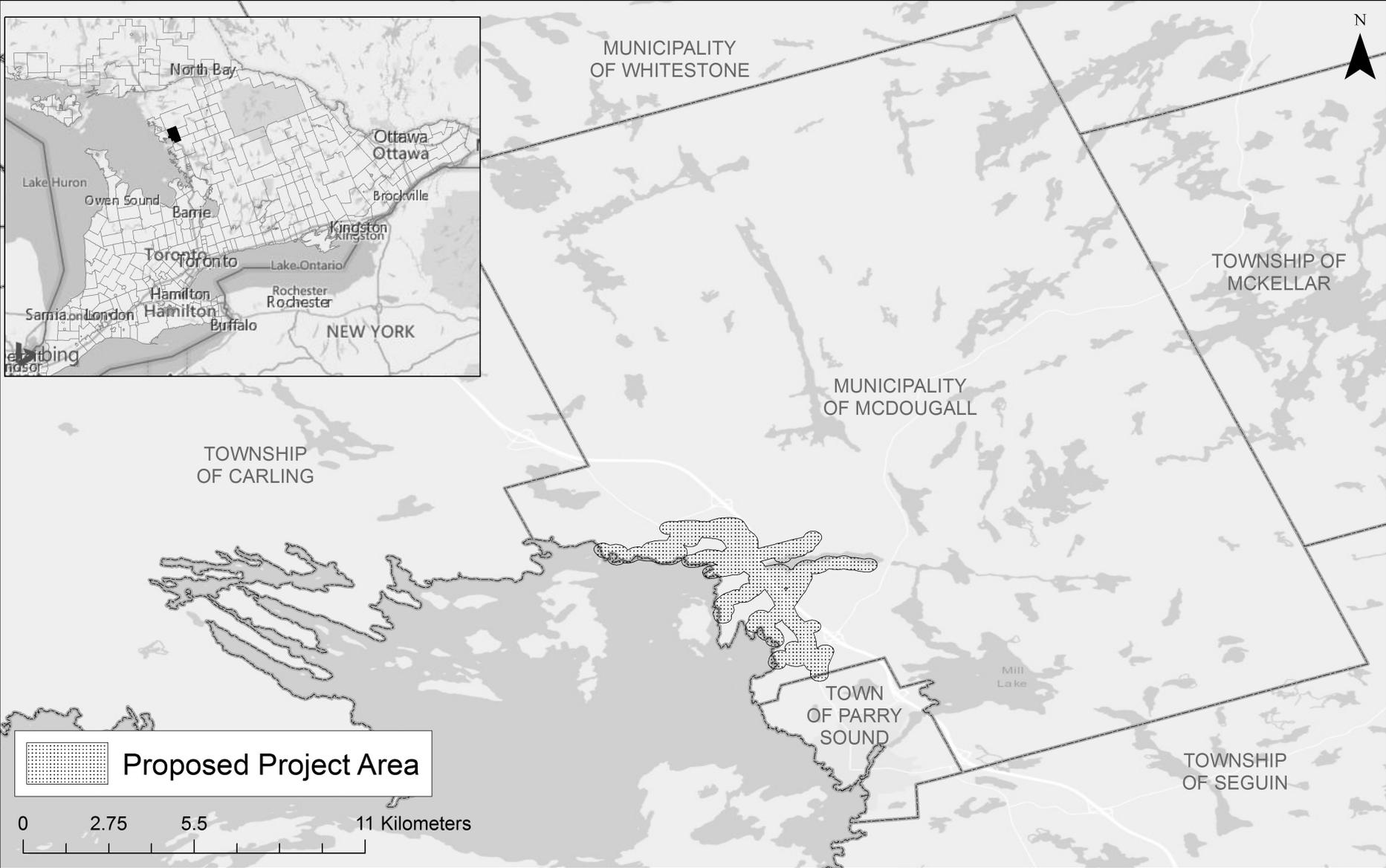
<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 7T-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 7T-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• Franchise Agreement and Certificate of Public Convenience and Necessity (Municipality of McDougall)</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 7T-4.</p>

**Schedule 7T-1**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - Nobel**

# Nobel - Municipality of McDougall



**Schedule 7T-2**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - Nobel**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		86	64	43	21	21	9	9	9	9	9	280
Commercial	Firm		-	10	3	2	2	-	-	-	-	-	17
Institutional	Firm		-	1	-	-	-	-	-	-	-	-	1
Agricultural	Firm		-	-	-	-	-	-	-	-	-	-	-
Industrial	Firm		-	2	1	-	-	-	-	-	-	-	3
Total Customers			<u>86</u>	<u>77</u>	<u>47</u>	<u>23</u>	<u>23</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>301</u>
Cumulative Customers			86	163	210	233	256	265	274	283	292	301	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		92,677	254,472	370,249	439,688	485,247	517,926	537,726	557,526	577,326	597,126	4,429,962
Commercial		-	26,900	62,400	74,600	81,800	85,400	85,400	85,400	85,400	85,400	672,700
Institutional		-	25,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	425,000
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Industrial		-	100,000	250,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	2,450,000
Total Volumes		<u>92,677</u>	<u>406,372</u>	<u>732,649</u>	<u>864,288</u>	<u>917,047</u>	<u>953,326</u>	<u>973,126</u>	<u>992,926</u>	<u>1,012,726</u>	<u>1,032,526</u>	<u>7,977,662</u>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		92,677	347,149	717,398	1,157,086	1,642,332	2,160,258	2,697,984	3,255,510	3,832,836	4,429,962	
Commercial		-	26,900	89,300	163,900	245,700	331,100	416,500	501,900	587,300	672,700	
Institutional		-	25,000	75,000	125,000	175,000	225,000	275,000	325,000	375,000	425,000	
Agricultural		-	-	-	-	-	-	-	-	-	-	
Industrial		-	100,000	350,000	650,000	950,000	1,250,000	1,550,000	1,850,000	2,150,000	2,450,000	
Total Volumes		<u>92,677</u>	<u>499,049</u>	<u>1,231,698</u>	<u>2,095,986</u>	<u>3,013,032</u>	<u>3,966,358</u>	<u>4,939,484</u>	<u>5,932,410</u>	<u>6,945,136</u>	<u>7,977,662</u>	

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	[REDACTED]

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement		[REDACTED]										

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	[REDACTED]

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 32,771,572

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 108,876

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 31.74

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	19,747	67,756	110,896	131,195	142,040	149,548	153,718	157,888	162,058	166,228	\$ 1,261,073
SES Revenue		21,316	93,466	168,509	198,786	210,921	219,265	223,819	228,373	232,927	237,481	1,834,862
Total Distribution Charge	\$	<u>41,062</u>	<u>161,222</u>	<u>279,405</u>	<u>329,981</u>	<u>352,961</u>	<u>368,813</u>	<u>377,537</u>	<u>386,261</u>	<u>394,985</u>	<u>403,709</u>	<u>\$ 3,095,935</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	[REDACTED]
System Expansion Surcharge (SES) Revenue	[REDACTED]
Total Revenue (A)	[REDACTED]
Expenses:	
O&M Expense	[REDACTED]
Municipal Tax	[REDACTED]
Income Tax	[REDACTED]
Total Expenses (B)	[REDACTED]
Total Cash Inflow (C = A + B)	[REDACTED]
<u>Cash Outflow</u>	
Gross Capital	[REDACTED]
Change in Working Capital	[REDACTED]
Total Cash Outflow (D)	[REDACTED]
Profitability Index (PI) Without Section 36.2 Funding (C / D)	[REDACTED]

**Schedule 7T-3**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - Nobel**

Section 3.4 McDougall (Nobel)

Total Forecasted Customers 301 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	63	21%	\$ 5,000	\$ 2,787	\$ 1,495	\$ 1,292	\$ 81,673	6.6	-2.4	414	(154)
Electricity F/A	27	9%	\$ 5,000	\$ 1,998	\$ 1,495	\$ 503	\$ 13,623	0.5	3.6	14	97
Electricity Baseboard	36	12%	\$ 12,000	\$ 1,998	\$ 1,495	\$ 503	\$ 18,164	0.5	3.6	19	130
Propane	132	44%	\$ 600	\$ 1,611	\$ 1,495	\$ 116	\$ 15,398	5.1	-1.0	676	(130)
Wood	27	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	15	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>301</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,981</b>	<b>\$ 2,414</b>	<b>\$ 128,857</b>	<b>12.7</b>	<b>3.8</b>	<b>1,124</b>	<b>(57)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.680
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas North East) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 7T-4**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - Nobel**



**Schedule 7T-6**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - Nobel**

Ontario Energy  
Board

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de l'Ontario

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Ontario

E.B.C. 285

**IN THE MATTER OF** the Municipal Franchises  
Act, R.S.O. 1990, c. M.55, as amended;

**AND IN THE MATTER OF** an Application by  
Union Gas Limited for a certificate of public  
convenience and necessity to construct works to  
supply gas to the inhabitants of the Township of  
McMurrich/Monteith.

**BEFORE:** G. A. Dominy  
Presiding Member and Vice Chair

J. B. Simon  
Member

S. K. Halladay  
Member

**ORDER GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND  
NECESSITY**

Union Gas Limited (“Union”) filed with the Ontario Energy Board (“the Board”) an Application dated November 24, 1998, (“the Application”) under section 8 of the Municipal Franchises Act, R.S.O. 1990, c. M. 55, as amended, for a Certificate of Public Convenience and Necessity (the “Certificate”) to construct works to supply gas in the Township of McMurrich/Monteith in the District of Parry Sound. The Application was assigned file number E.B.C. 285.

Union served and published the Board’s Notices of Application. The Board issued Procedural Order No. 1 dated February 1, 1999. The hearing of the Application took place

at the Jolly Roger Inn, south of Parry Sound in Seguin Township on April 20, 21 and 22, 1999 in the presence of counsel for Union and Board Staff. The Board issued an oral Decision With Reasons at the Board's Offices in Toronto on April 27, 1999 in which the Board found the Application to be in the public interest and approved the granting of a certificate of public interest and necessity.

**THEREFORE THE BOARD ORDERS THAT:**

1. A Certificate of Public Convenience and Necessity is granted to Union to construct works to supply gas in the Township of McMurrich/Monteith.
2. If Union fails to substantially complete construction of the gas mains proposed in the Application within twenty-four months following the issuance of the Board's Certificate, the Certificate shall expire.
3. Union is directed to pay the Board's costs of and incidental to these proceedings , immediately upon receipt of the Board's invoice.

**DATED** at Toronto May 18, 1999.

ONTARIO ENERGY BOARD



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Peter H. O'Dell  
Assistant Board Secretary

**Ontario Energy  
Board**

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**Commission de l'Énergie  
de l'Ontario**

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**E.B.C. 286**

**IN THE MATTER OF** the Municipal Franchises Act, R.S.O. 1990, c. M.55, as amended;

**AND IN THE MATTER OF** an Application by Union Gas Limited for a certificate of public convenience and necessity to construct works to supply gas to the inhabitants of the Township of Seguin.

**BEFORE:** G. A. Dominy  
Presiding Member and Vice Chair

J. B. Simon  
Member

S. K. Halladay  
Member

**ORDER GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND  
NECESSITY**

Union Gas Limited (“Union”) filed with the Ontario Energy Board (“the Board”) an Application dated November 24, 1998, (“the Application”) under section 8 of the Municipal Franchises Act, R.S.O. 1990, c. M. 55, as amended, for a Certificate of Public Convenience and Necessity (“the Certificate”) to construct works to supply gas in the Township of Seguin in the District of Parry Sound. The Application was assigned file number E.B.C. 287.

Union served and published the Board’s Notice of Application. The Board issued Procedural Order No. 1 dated February 1, 1999. The hearing of the Application took place at the Jolly Roger Inn, south of Parry Sound in Seguin Township on April 20, 21 and 22, 1999

- 2 -

in the presence of counsel for Union and Board Staff. The Board issued an oral Decision With Reasons at the Board's Offices in Toronto on April 27, 1999 in which the Board found the Application to be in the public interest and approved the granting of a certificate of public interest and necessity.

**THEREFORE THE BOARD ORDERS THAT:**

1. A Certificate of Public Convenience and Necessity is granted to Union to construct works to supply gas in the Township of Seguin.
2. If Union fails to substantially complete construction of the gas mains proposed in the Application within twenty-four months following the issuance of the Board's Certificate, the Certificate shall expire.
3. Union is directed to pay the Board's costs of and incidental to these proceedings immediately upon receipt of the Board's invoice.

**DATED** at Toronto May 18, 1999.

ONTARIO ENERGY BOARD



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Peter H. O'Dell  
Assistant Board Secretary

Ontario Energy  
Board

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26th Floor  
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Commission de l'Énergie  
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Ontario

**E.B.C. 287**

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**BEFORE:** G. A. Dominy  
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**THEREFORE THE BOARD ORDERS THAT:**

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ONTARIO ENERGY BOARD



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Peter H. O'Dell  
Assistant Board Secretary

**Schedule 7U**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - \_\_\_\_\_**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: McDougall ( _____ ) Community Expansion Project	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>



<p>3.2</p>	<p><b>Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.</b></p> <p>Please refer to Schedule 7U-2, Table 3.2.</p>
<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 7U-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 7U-3, Table 3.4.</p>

3.5	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 7U-4 for Proposed Construction Schedule.</p>
3.6	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>No letter of support has been provided by the local government in time for this project submission.</p>
3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 7U-6 for Enbridge’s CPCNs for the Township of McMurrich / Monteith (EBC 285) and the Town of Parry Sound (EBC 287) which cover parts of the proposed project.</p> <p>Enbridge Gas does not currently have a franchise agreement with nor a Certificate of Public Convenience and Necessity for the Municipality of McDougall.</p>
<b>Part IV – Cost of Project</b>	
4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>

4.2

**Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).**

**Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).**

**For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.**

**Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.**

Please refer to Schedule 7U-2, Table 4.2.

4.3

**Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&A costs) and rate base amount at the end of year ten.**

**Complete the tables below:**

**Revenue Requirement**

Description	Year 1	Year 2...	Year 10	Total
Revenue Requirement				

Description	Year 10
Closing Rate Base	

**Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).**

Please refer to Schedule 7U-2, Table 4.3.

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$21,387,300</p> <p>Please refer to Schedule 7U-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$125,808</p> <p>Please refer to Schedule 7U-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$40.76</p> <p>Please refer to Schedule 7U-2, Table 5.3.</p>

<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 7U-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

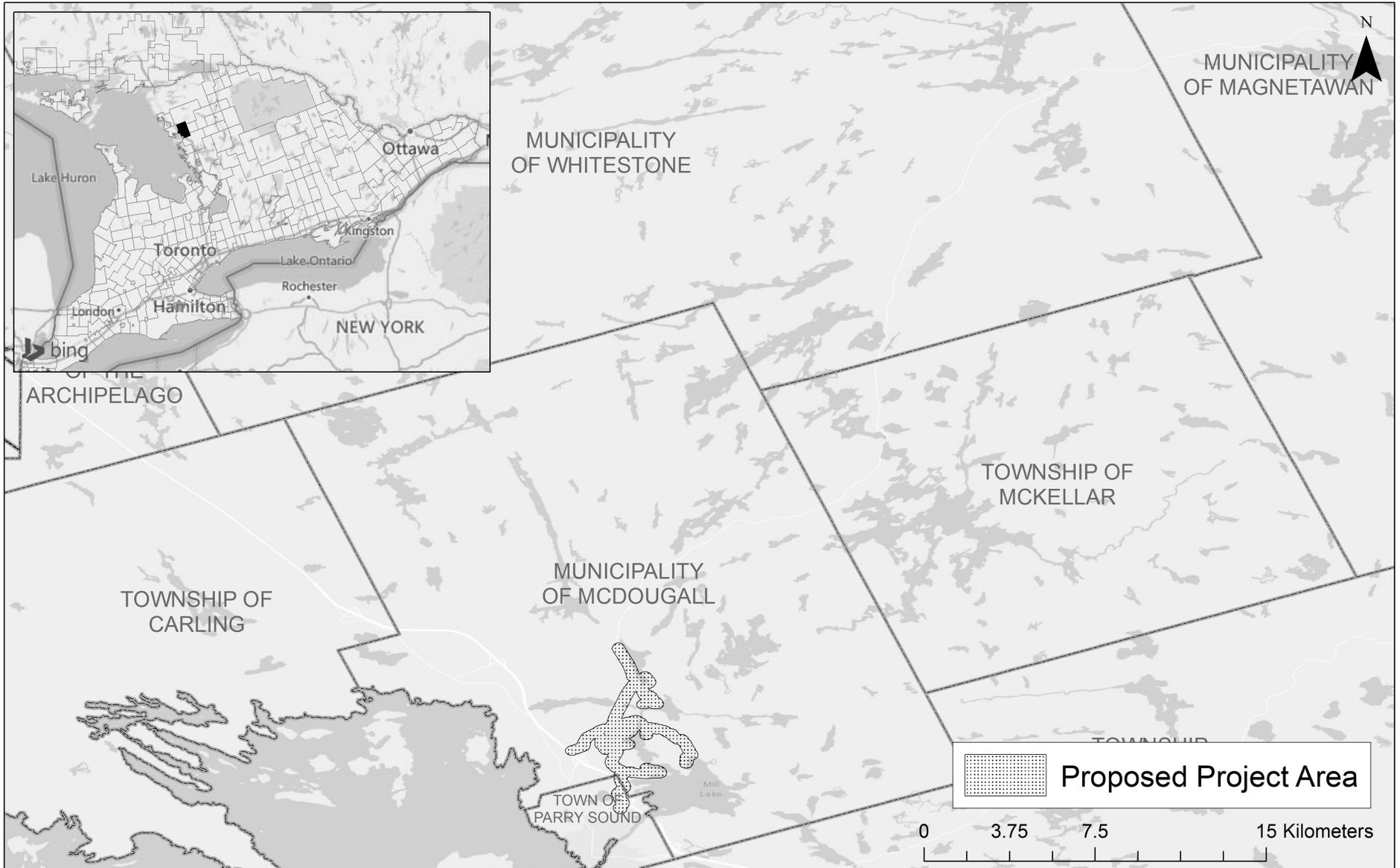
<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 7U-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 7U-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• Franchise Agreement and Certificate of Public Convenience and Necessity (Municipality of McDougall)</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 7U-4.</p>

**Schedule 7U-1**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - \_\_\_\_\_**

# Municipality of McDougall



**Schedule 7U-2**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - \_\_\_\_\_**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		51	38	25	13	13	5	5	5	5	5	165
Commercial	Firm		-	3	-	-	-	-	-	-	-	-	3
Institutional	Firm		-	1	-	-	-	-	-	-	-	-	1
Agricultural	Firm		-	-	-	-	-	-	-	-	-	-	-
Industrial	Firm		-	1	-	-	-	-	-	-	-	-	1
<b>Total Customers</b>			<u>51</u>	<u>43</u>	<u>25</u>	<u>13</u>	<u>13</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>170</u>
Cumulative Customers			51	94	119	132	145	150	155	160	165	170	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		56,100	154,000	223,300	265,100	293,700	313,500	324,500	335,500	346,500	357,500	2,669,700
Commercial		-	8,600	17,200	17,200	17,200	17,200	17,200	17,200	17,200	17,200	146,200
Institutional		-	25,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	425,000
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Industrial		-	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	850,000
<b>Total Volumes</b>		<u>56,100</u>	<u>237,600</u>	<u>390,500</u>	<u>432,300</u>	<u>460,900</u>	<u>480,700</u>	<u>491,700</u>	<u>502,700</u>	<u>513,700</u>	<u>524,700</u>	<u>4,090,900</u>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>Total</u>
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	
Residential		56,100	210,100	433,400	698,500	992,200	1,305,700	1,630,200	1,965,700	2,312,200	2,669,700
Commercial		-	8,600	25,800	43,000	60,200	77,400	94,600	111,800	129,000	146,200
Institutional		-	25,000	75,000	125,000	175,000	225,000	275,000	325,000	375,000	425,000
Agricultural		-	-	-	-	-	-	-	-	-	-
Industrial		-	50,000	150,000	250,000	350,000	450,000	550,000	650,000	750,000	850,000
<b>Total Volumes</b>		<u>56,100</u>	<u>293,700</u>	<u>684,200</u>	<u>1,116,500</u>	<u>1,577,400</u>	<u>2,058,100</u>	<u>2,549,800</u>	<u>3,052,500</u>	<u>3,566,200</u>	<u>4,090,900</u>

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 21,387,300

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 125,808

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 40.76

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	11,815	39,627	61,416	70,220	76,243	80,413	82,729	85,046	87,363	89,679	\$ 684,551
SES Revenue		12,903	54,648	89,815	99,429	106,007	110,561	113,091	115,621	118,151	120,681	940,907
Total Distribution Charge	\$	<u>24,718</u>	<u>94,275</u>	<u>151,231</u>	<u>169,649</u>	<u>182,250</u>	<u>190,974</u>	<u>195,820</u>	<u>200,667</u>	<u>205,514</u>	<u>210,360</u>	<u>\$ 1,625,458</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Without Section 36.2 Funding (C / D)	

**Schedule 7U-3**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - \_\_\_\_\_**

Section 3.4 McDougall ( )

Total Forecasted Customers 170 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	36	21%	\$ 5,000	\$ 2,787	\$ 1,495	\$ 1,292	\$ 46,128	6.6	-2.4	234	(87)
Electricity F/A	15	9%	\$ 5,000	\$ 1,998	\$ 1,495	\$ 503	\$ 7,694	0.5	3.6	8	55
Electricity Baseboard	20	12%	\$ 12,000	\$ 1,998	\$ 1,495	\$ 503	\$ 10,258	0.5	3.6	11	73
Propane	75	44%	\$ 600	\$ 1,611	\$ 1,495	\$ 116	\$ 8,696	5.1	-1.0	382	(73)
Wood	15	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	9	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>170</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,981</b>	<b>\$ 2,414</b>	<b>\$ 72,776</b>	<b>12.7</b>	<b>3.8</b>	<b>635</b>	<b>(32)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.680
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas North East) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 7U-4**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - \_\_\_\_\_**



**Schedule 7U-6**  
**Enbridge Gas Community Expansion Project Proposal**

**McDougall - \_\_\_\_\_**

Ontario Energy  
Board

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Commission de l'Énergie  
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Ontario

E.B.C. 285

**IN THE MATTER OF** the Municipal Franchises  
Act, R.S.O. 1990, c. M.55, as amended;

**AND IN THE MATTER OF** an Application by  
Union Gas Limited for a certificate of public  
convenience and necessity to construct works to  
supply gas to the inhabitants of the Township of  
McMurrich/Monteith.

**BEFORE:** G. A. Dominy  
Presiding Member and Vice Chair

J. B. Simon  
Member

S. K. Halladay  
Member

**ORDER GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND  
NECESSITY**

Union Gas Limited (“Union”) filed with the Ontario Energy Board (“the Board”) an Application dated November 24, 1998, (“the Application”) under section 8 of the Municipal Franchises Act, R.S.O. 1990, c. M. 55, as amended, for a Certificate of Public Convenience and Necessity (the “Certificate”) to construct works to supply gas in the Township of McMurrich/Monteith in the District of Parry Sound. The Application was assigned file number E.B.C. 285.

Union served and published the Board’s Notices of Application. The Board issued Procedural Order No. 1 dated February 1, 1999. The hearing of the Application took place

at the Jolly Roger Inn, south of Parry Sound in Seguin Township on April 20, 21 and 22, 1999 in the presence of counsel for Union and Board Staff. The Board issued an oral Decision With Reasons at the Board's Offices in Toronto on April 27, 1999 in which the Board found the Application to be in the public interest and approved the granting of a certificate of public interest and necessity.

**THEREFORE THE BOARD ORDERS THAT:**

1. A Certificate of Public Convenience and Necessity is granted to Union to construct works to supply gas in the Township of McMurrich/Monteith.
2. If Union fails to substantially complete construction of the gas mains proposed in the Application within twenty-four months following the issuance of the Board's Certificate, the Certificate shall expire.
3. Union is directed to pay the Board's costs of and incidental to these proceedings , immediately upon receipt of the Board's invoice.

**DATED** at Toronto May 18, 1999.

ONTARIO ENERGY BOARD



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Peter H. O'Dell  
Assistant Board Secretary

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**E.B.C. 287**

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Act, R.S.O. 1990, c. M.55, as amended;

**AND IN THE MATTER OF** an Application by  
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- 2 -

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ONTARIO ENERGY BOARD



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Peter H. O'Dell  
Assistant Board Secretary

**Schedule 7V**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (Central Winchester)**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">North Dundas (Central Winchester) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>

**Part III – Description of and Support for Project**

3.1  
Redacted

**Provide a general overview of the project, which is to include the following: communities to be connected, including whether the project would serve any on-reserve Indigenous communities; existing population of each community by residential, commercial/institutional and industrial sectors; routing; length of pipeline; and nominal pipe size.**

Enbridge Gas is proposing to provide gas distribution service to the community of Central Winchester within the Township of North Dundas. The proposed facilities will provide access to natural gas to a forecasted 18 customers (9 residential and 9 commercial / institutional).

There are 2 separate sets of proposed pipeline facilities. The first pipeline will tie-in to an existing 4" steel pipeline and run along \_\_\_\_\_ until near the intersection of \_\_\_\_\_ and \_\_\_\_\_. The second pipeline will tie-in to an existing 4" steel pipeline and to extend along \_\_\_\_\_ and \_\_\_\_\_.

A reinforcement segment (250 m of 4" steel pipe) will be required to accommodate additional loads on the distribution system. The proposed reinforcement will start along \_\_\_\_\_ near the intersection of \_\_\_\_\_ and \_\_\_\_\_ and extend 250 m \_\_\_\_\_.

The approximate length and size of the distribution pipelines required:

Pipe Type	Diameter (NPS)	Length (m)
Steel	2	4,140
Steel	4	1,370

The approximate length and size of the reinforcement pipeline required:

Pipe Type	Diameter (NPS)	Length (m)
Steel	4	250

Please refer to Schedule 7V-1 for Project Map.

3.2

**Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.**

Please refer to Schedule 7V-2, Table 3.2.

<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 7V-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 7V-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 7V-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>Please refer to Schedule 7V-5.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 7V-6 for Enbridge’s CPCN for the Township of North Dundas (EB-2003-0049) which covers the entire area of the proposed project.</p>
<b>Part IV – Cost of Project</b>	
4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 7V-2, Table 4.2.</p>

4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 10</th> </tr> </thead> <tbody> <tr> <td>Closing Rate Base</td> <td></td> </tr> </tbody> </table> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p>Please refer to Schedule 7V-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$3,437,285</p> <p>Please refer to Schedule 7V-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$190,960</p> <p>Please refer to Schedule 7V-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$18.66</p> <p>Please refer to Schedule 7V-2, Table 5.3.</p>

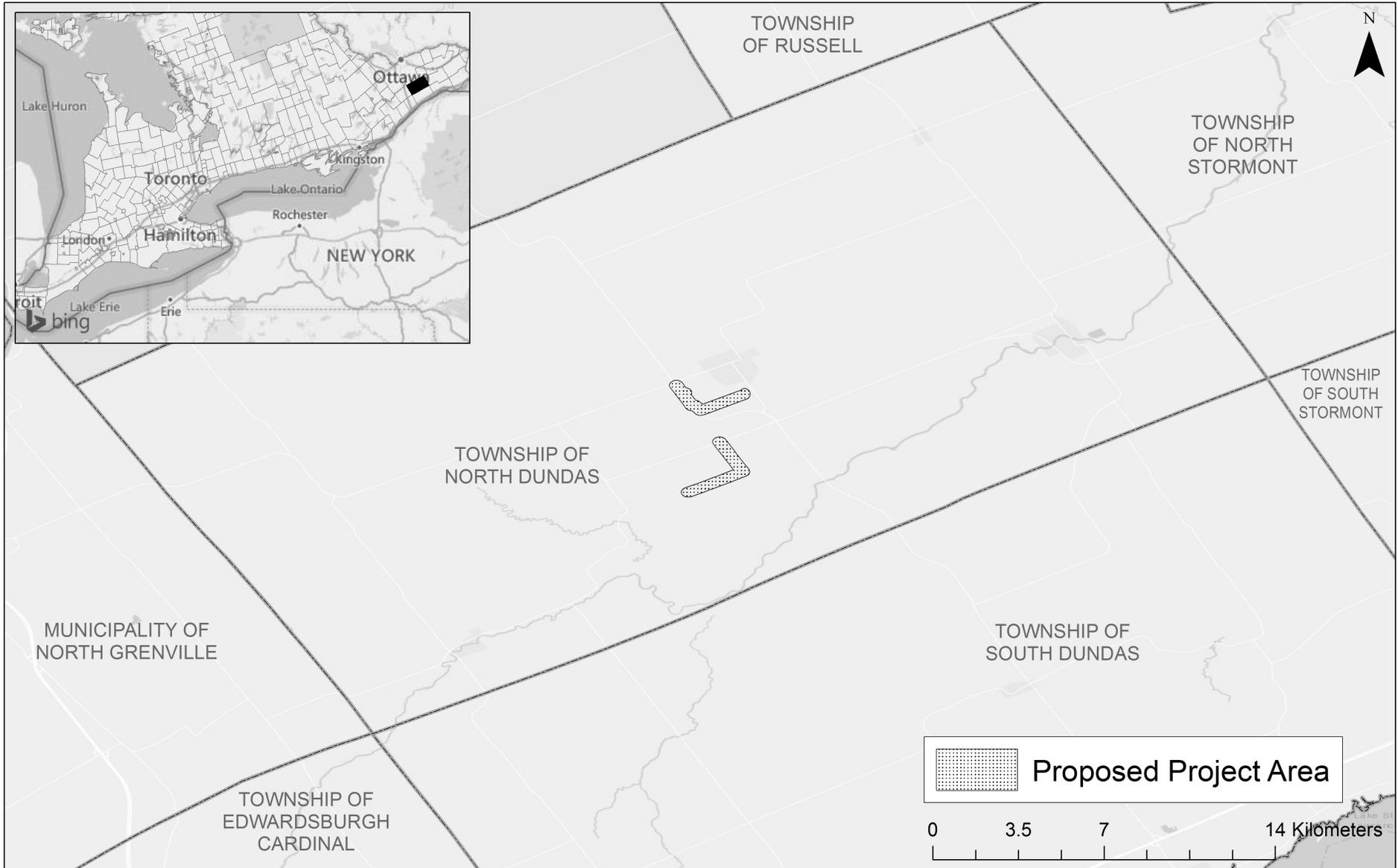
<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 7V-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 7V-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 7V-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 7V-4.</p>

**Schedule 7V-1**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (Central Winchester)**

# North Dundas – Central Winchester



**Schedule 7V-2**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (Central Winchester)**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		3	2	1	1	1	1	-	-	-	-	9
Commercial	Firm		-	5	2	-	-	-	-	-	-	-	7
Institutional	Firm		-	-	-	-	-	-	-	-	-	-	-
Agricultural	Firm		-	2	-	-	-	-	-	-	-	-	2
Industrial	Firm		-	-	-	-	-	-	-	-	-	-	-
Total Customers			<u>3</u>	<u>9</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>
Cumulative Customers			3	12	15	16	17	18	18	18	18	18	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>10</u>	<u>Total</u>	
Residential		3,300	8,800	12,100	14,300	16,500	18,700	19,800	19,800	19,800	19,800	19,800	152,900
Commercial		-	17,200	44,400	54,400	54,400	54,400	54,400	54,400	54,400	54,400	54,400	442,400
Institutional		-	-	-	-	-	-	-	-	-	-	-	-
Agricultural		-	55,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	935,000
Industrial		-	-	-	-	-	-	-	-	-	-	-	-
Total Volumes		<u>3,300</u>	<u>81,000</u>	<u>166,500</u>	<u>178,700</u>	<u>180,900</u>	<u>183,100</u>	<u>184,200</u>	<u>184,200</u>	<u>184,200</u>	<u>184,200</u>	<u>184,200</u>	<u>1,530,300</u>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>10</u>
Residential		3,300	12,100	24,200	38,500	55,000	73,700	93,500	113,300	133,100	152,900
Commercial		-	17,200	61,600	116,000	170,400	224,800	279,200	333,600	388,000	442,400
Institutional		-	-	-	-	-	-	-	-	-	-
Agricultural		-	55,000	165,000	275,000	385,000	495,000	605,000	715,000	825,000	935,000
Industrial		-	-	-	-	-	-	-	-	-	-
Total Volumes		<u>3,300</u>	<u>84,300</u>	<u>250,800</u>	<u>429,500</u>	<u>610,400</u>	<u>793,500</u>	<u>977,700</u>	<u>1,161,900</u>	<u>1,346,100</u>	<u>1,530,300</u>

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 3,437,285

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 190,960

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 18.66

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	695	8,407	16,790	18,389	18,853	19,316	19,548	19,548	19,548	19,548	\$ 160,642
SES Revenue		759	18,630	38,295	41,101	41,607	42,113	42,366	42,366	42,366	42,366	351,969
Total Distribution Charge	\$	<u>1,454</u>	<u>27,037</u>	<u>55,085</u>	<u>59,490</u>	<u>60,460</u>	<u>61,429</u>	<u>61,914</u>	<u>61,914</u>	<u>61,914</u>	<u>61,914</u>	<u>\$ 512,611</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Without Section 36.2 Funding (C / D)	

**Schedule 7V-3**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (Central Winchester)**

Section 3.4 North Dundas (Central Winchester)

Total Forecasted Customers 18 Penetration Rate 69%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	4	21%	\$ 5,000	\$ 2,787	\$ 1,495	\$ 1,292	\$ 4,884	6.6	-2.4	25	(9)
Electricity F/A	2	9%	\$ 5,000	\$ 1,998	\$ 1,495	\$ 503	\$ 815	0.5	3.6	1	6
Electricity Baseboard	2	12%	\$ 12,000	\$ 1,998	\$ 1,495	\$ 503	\$ 1,086	0.5	3.6	1	8
Propane	8	44%	\$ 600	\$ 1,611	\$ 1,495	\$ 116	\$ 921	5.1	-1.0	40	(8)
Wood	2	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	1	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>18</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,981</b>	<b>\$ 2,414</b>	<b>\$ 7,706</b>	<b>12.7</b>	<b>3.8</b>	<b>67</b>	<b>(3)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355	tonnes/m3
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388	tonnes/L
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784	tonnes/L
Electricity	30 g/kWh	-	-	0.00003	tonnes/kWh
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.680
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas North East) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 7V-4**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (Central Winchester)**



**Schedule 7V-5**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (Central Winchester)**



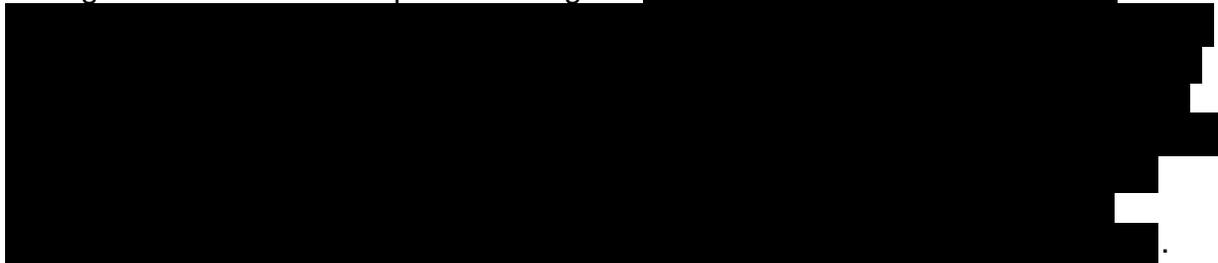
July 8, 2020

Attn: Luke Skaarup, Director, Northern Region Operations, Enbridge Gas Inc.

**Re: Expression of Support for Natural Gas Expansion within the Township of North Dundas**

In December 2019, the Government of Ontario announced plans to further increase access to natural gas by making financial support available for new service expansion projects. This Natural Gas Expansion Program will unlock financial support needed to expand natural gas service to new areas across Ontario that are not economically feasible without support. Our municipality is one such area, and we are eager to bring this affordable, reliable fuel source to our residents and businesses.

On behalf of the Township of North Dundas, I would like to formally express our interest to have the following project areas included on Enbridge Gas' list of projects being proposed to the Ontario Energy Board (OEB) for consideration for financial support through the Natural Gas Expansion Program



Based on the draft Guidelines issued by the OEB (EB-2019-0255), we are aware that Enbridge Gas Inc. may be required to include support for the proposed project from Band Council(s) and/or local government, as applicable, demonstrated through a written expression of support and/or a commitment to financial support in its project submissions.

Natural gas is the most common, affordable heating fuel in Ontario. We fully support the efforts of Enbridge Gas Inc., the OEB and the Ministry of Energy, Northern Development and Mines. We look forward to working together to expand natural gas access in our community to attract new opportunities, help create jobs and lower monthly costs for our residents.

Sincerely,

Mayor Tony Fraser  
Township of North Dundas

**Schedule 7V-6**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (Central Winchester)**

Ontario Energy  
Board

Commission de l'Énergie  
de l'Ontario



1  
RP-2003-0040  
EB-2003-0048  
EB-2003-0049

2  
**IN THE MATTER OF** the *Municipal Franchises Act*, R.S.O.  
1990, c. M.55, as amended;

3  
**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order approving the terms and conditions upon  
which the Corporation of the Township of North Dundas is by  
by-law to grant Union Gas Limited the right to construct and  
operate works for the distribution of gas; the right to extend and  
add to the works; and the period for which such rights are  
granted;

4  
**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order dispensing with the requirement for the  
assent of the municipal electors of the Township of North  
Dundas regarding the by-law.

5  
**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order cancelling and replacing the existing  
Certificates of Public Convenience and Necessity for the  
Corporation of the Township of North Dundas

6  
**Before:**

7  
Art Birchenough  
Presiding Member

8  
Ken McCann  
Member

9  
**DECISION AND ORDER**

10  
Union Gas Limited ("Union") filed an application, dated February 27, 2003 (the "Application") with the Ontario Energy Board (the "Board") under the *Municipal Franchises Act*, R.S.O. 1990, c. M.55 as amended (the "Act") for an order approving the terms and conditions upon which and the period for which the Corporation of the Township of North Dundas (the "Corporation") is, by by-law, to grant to Union Gas Limited the right to construct and operate works for the distribution of gas, and the right to extend and add to the works in the Township of North Dundas (the "Municipality") . The Board assigned File No. RP-2003-0040/EB-2003-0048 to this Application.

11  
Effective January 1, 1998, the former municipalities of the Township of Mountain, the Township of Winchester, the Village of Chesterville and the Village of Winchester were amalgamated to form the Township of North Dundas.

12  
Union applied, by a letter dated February 27, 2003, for an order of the Board that consolidates the existing Certificates of Public Convenience and Necessity for the former municipalities and replaces these with a new Certificate of Public Convenience and Necessity for the Township of North Dundas. The Board assigned File No. EB-2003-0049 to this Application.

13  
The Board's Notice of Application was published on March 21, 2003. There were no intervenors. On April 30, 2003 the Board issued a Notice of Written Hearing. No party satisfied the Board that there was a good reason for not holding a written hearing.

14  
Union also submitted a resolution, passed by the Council of the Corporation, approving the form of draft by-law (the "By-law"), authorizing the franchise agreement between Union and the Corporation (the "Franchise Agreement"), and requesting the Board to declare and direct, pursuant to subsection 9(4) of the Act, that the assent of the municipal electors to the By-law is not necessary.

15  
The Board notes that Union is presently serving the Municipality and holds Certificates of Public Convenience and Necessity as follows for the former municipalities: Township of Mountain (E.B.C. 269), Township of Winchester (E.B.C. 24), Village of Chesterville (F.B.C. 56), and Village of Winchester (E.B.C. 57). The Board also notes that the Franchise Agreement (EB-2003-0048) is in the form of the 2000 Model Franchise Agreement approved by the Board as a standard form of franchise agreement.

16  
The Board finds that, based on the evidence, granting the Applications is in the public interest.

17  
**THE BOARD THEREFORE ORDERS THAT:**

18  
1. The terms and conditions upon which, and the period for which, the Corporation of Township of North Dundas is, by by-law, to grant Union Gas Limited the right to construct and operate works for the distribution of gas, and the right to extend and add to the works, as set out in the Franchise Agreement attached as Appendix A, are approved.

19  
2. The assent of the municipal electors of the Township of North Dundas to the By-law is not

necessary.

3. The existing Certificates of Public Convenience and Necessity for the former municipalities of the Township of Mountain (E.B.C. 269), the Township of Winchester (E.B.C. 24), the Village of Chesterville (F.B.C. 56), and the Village of Winchester (E.B.C. 57) are cancelled and replaced with a single Certificate of Public Convenience and Necessity for the Township of North Dundas (EB-2003-0049). 20
  
4. A duly certified copy of the by-law after third reading and an executed copy of the franchise agreement is to be filed with the Board by Union Gas Limited, as soon as these are available. 21

**DATED** at Toronto, DATE June 6, 2003  
**ONTARIO ENERGY BOARD** 22



Peter H. O'Dell  
Assistant Board Secretary

**Schedule 7W**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (North Winchester)**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">North Dundas (North Winchester) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>

**Part III – Description of and Support for Project**

3.1  
Redacted

**Provide a general overview of the project, which is to include the following: communities to be connected, including whether the project would serve any on-reserve Indigenous communities; existing population of each community by residential, commercial/institutional and industrial sectors; routing; length of pipeline; and nominal pipe size.**

Enbridge Gas is proposing to provide gas distribution service to the community of North Winchester within the Township of North Dundas. The proposed facilities will provide access to natural gas to a forecasted 269 customers (252 residential, 15 commercial / institutional and 2 industrial).

The proposed project will tie-in to an existing 2” steel pipeline along \_\_\_\_\_ near the intersection of \_\_\_\_\_ and \_\_\_\_\_. The proposed facilities will run along \_\_\_\_\_ to \_\_\_\_\_ then \_\_\_\_\_ and \_\_\_\_\_ then \_\_\_\_\_, \_\_\_\_\_, then \_\_\_\_\_ provide service to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_. On \_\_\_\_\_, service will be provided to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.

The approximate length and size of the distribution pipelines required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	2	20,050
Polyethylene	4	3,750
Steel	4	1,700

Please refer to Schedule 7W-1 for Project Map.

3.2

**Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.**

Please refer to Schedule 7W-2, Table 3.2.

<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 7W-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 7W-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 7W-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>Please refer to Schedule 7W-5.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 7W-6 for Enbridge's CPCN for the Township of North Dundas (EB-2003-0049) which covers the entire area of the proposed project.</p>
<b>Part IV – Cost of Project</b>	
4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility's proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent's project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 7W-2, Table 4.2.</p>

4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 10</th> </tr> </thead> <tbody> <tr> <td>Closing Rate Base</td> <td></td> </tr> </tbody> </table> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p>Please refer to Schedule 7W-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$9,701,073</p> <p>Please refer to Schedule 7W-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$36,063</p> <p>Please refer to Schedule 7W-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$10.47</p> <p>Please refer to Schedule 7W-2, Table 5.3.</p>

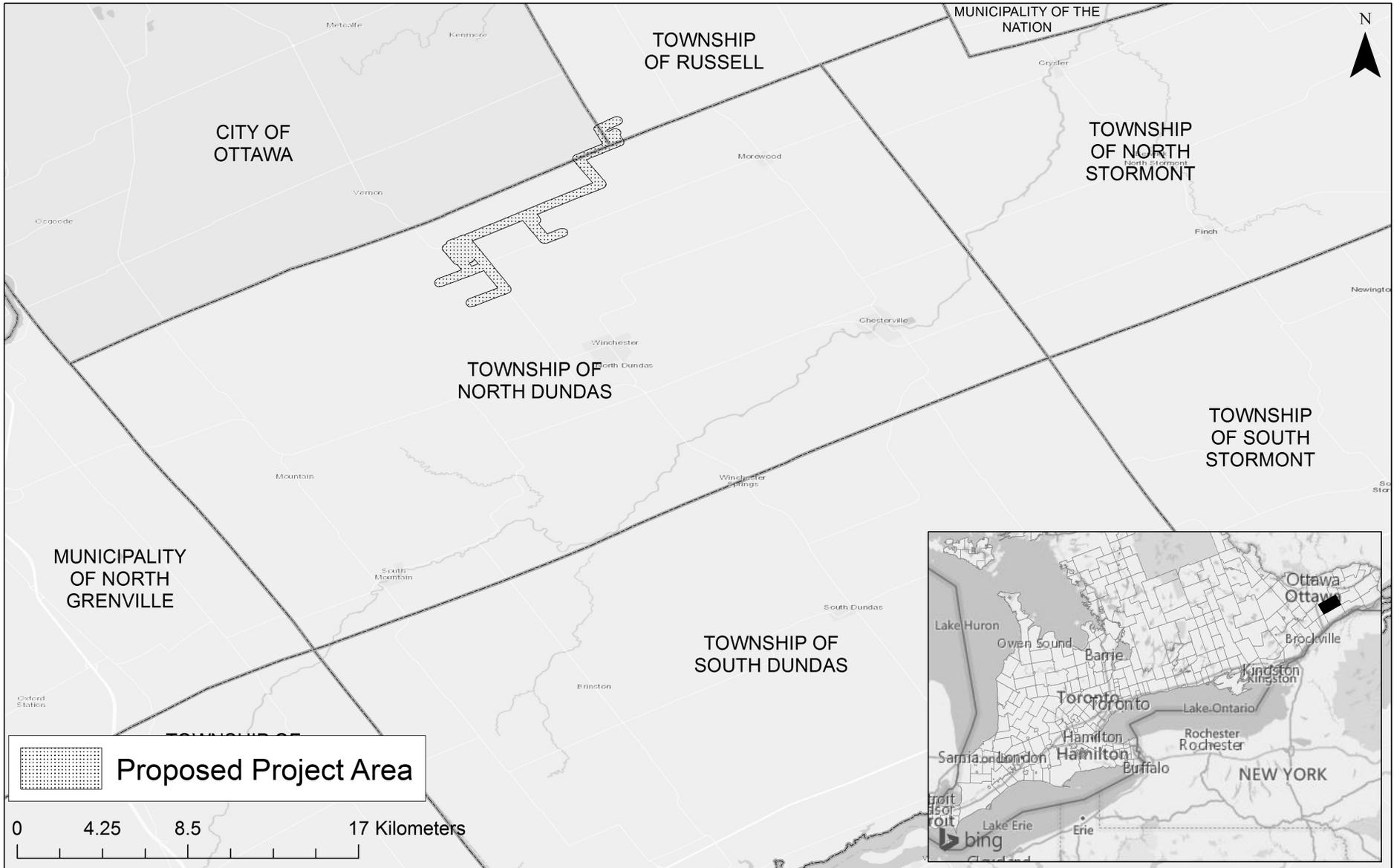
<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 7W-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 7W-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 7W-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 7W-4.</p>

**Schedule 7W-1**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (North Winchester)**

# North Dundas – North Winchester



**Schedule 7W-2**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (North Winchester)**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		77	58	39	20	20	9	8	7	7	7	252
Commercial	Firm		-	7	4	2	-	-	-	-	-	-	13
Institutional	Firm		-	1	-	-	-	-	-	-	-	-	1
Agricultural	Firm		-	1	-	-	-	-	-	-	-	-	1
Industrial	Firm		-	2	-	-	-	-	-	-	-	-	2
<b>Total Customers</b>			<u>77</u>	<u>69</u>	<u>43</u>	<u>22</u>	<u>20</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>269</u>
Cumulative Customers			77	146	189	211	231	240	248	255	262	269	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		83,418	229,675	334,772	398,390	441,108	472,047	490,106	506,285	521,685	537,085	4,014,570
Commercial		-	13,000	30,400	37,000	39,200	39,200	39,200	39,200	39,200	39,200	315,600
Institutional		-	25,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	425,000
Agricultural		-	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	850,000
Industrial		-	100,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	1,700,000
<b>Total Volumes</b>		<u>83,418</u>	<u>417,675</u>	<u>715,172</u>	<u>785,390</u>	<u>830,308</u>	<u>861,247</u>	<u>879,306</u>	<u>895,485</u>	<u>910,885</u>	<u>926,285</u>	<u>7,305,170</u>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>Total</u>
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	
Residential		83,418	313,093	647,865	1,046,255	1,487,363	1,959,409	2,449,515	2,955,800	3,477,485	4,014,570
Commercial		-	13,000	43,400	80,400	119,600	158,800	198,000	237,200	276,400	315,600
Institutional		-	25,000	75,000	125,000	175,000	225,000	275,000	325,000	375,000	425,000
Agricultural		-	50,000	150,000	250,000	350,000	450,000	550,000	650,000	750,000	850,000
Industrial		-	100,000	300,000	500,000	700,000	900,000	1,100,000	1,300,000	1,500,000	1,700,000
<b>Total Volumes</b>		<u>83,418</u>	<u>501,093</u>	<u>1,216,265</u>	<u>2,001,655</u>	<u>2,831,963</u>	<u>3,693,209</u>	<u>4,572,515</u>	<u>5,468,000</u>	<u>6,378,885</u>	<u>7,305,170</u>

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 9,701,073

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 36,063

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 10.47

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	17,720	64,547	103,556	118,497	128,109	134,739	138,618	142,064	145,307	148,550	\$ 1,141,707
SES Revenue		19,186	96,065	164,490	180,640	190,971	198,087	202,240	205,962	209,504	213,046	1,680,189
Total Distribution Charge	\$	<u>36,907</u>	<u>160,612</u>	<u>268,046</u>	<u>299,136</u>	<u>319,080</u>	<u>332,825</u>	<u>340,859</u>	<u>348,025</u>	<u>354,811</u>	<u>361,596</u>	<u>\$ 2,821,896</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	██████████
System Expansion Surcharge (SES) Revenue	██████████
Total Revenue (A)	██████████
Expenses:	
O&M Expense	██████████
Municipal Tax	██████████
Income Tax	██████████
Total Expenses (B)	██████████
Total Cash Inflow (C = A + B)	██████████
<u>Cash Outflow</u>	
Gross Capital	██████████
Change in Working Capital	██████████
Total Cash Outflow (D)	██████████
Profitability Index (PI) Without Section 36.2 Funding (C / D)	██████████

**Schedule 7W-3**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (North Winchester)**

Section 3.4 North Dundas (North Winchester)

Total Forecasted Customers 269 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	56	21%	\$ 5,000	\$ 2,787	\$ 1,495	\$ 1,292	\$ 72,990	6.6	-2.4	370	(137)
Electricity F/A	24	9%	\$ 5,000	\$ 1,998	\$ 1,495	\$ 503	\$ 12,174	0.5	3.6	13	87
Electricity Baseboard	32	12%	\$ 12,000	\$ 1,998	\$ 1,495	\$ 503	\$ 16,233	0.5	3.6	17	116
Propane	118	44%	\$ 600	\$ 1,611	\$ 1,495	\$ 116	\$ 13,761	5.1	-1.0	604	(116)
Wood	24	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	13	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>269</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,981</b>	<b>\$ 2,414</b>	<b>\$ 115,158</b>	<b>12.7</b>	<b>3.8</b>	<b>1,005</b>	<b>(51)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.680
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas North East) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 7W-4**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (North Winchester)**



**Schedule 7W-5**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (North Winchester)**

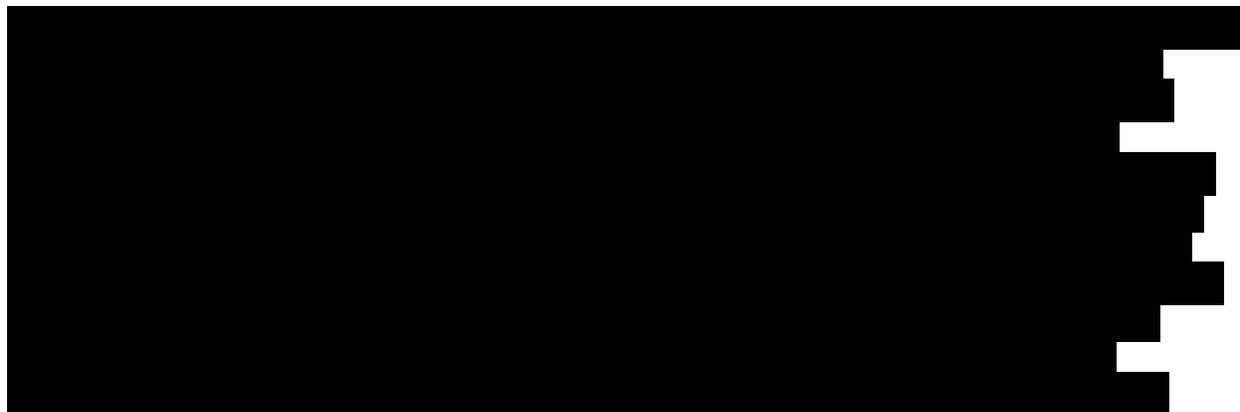


July 8, 2020

Attn: Luke Skaarup, Director, Northern Region Operations, Enbridge Gas Inc.

**Re: Expression of Support for Natural Gas Expansion within the Township of North Dundas**

In December 2019, the Government of Ontario announced plans to further increase access to natural gas by making financial support available for new service expansion projects. This Natural Gas Expansion Program will unlock financial support needed to expand natural gas service to new areas across Ontario that are not economically feasible without support. Our municipality is one such area, and we are eager to bring this affordable, reliable fuel source to our residents and businesses.



Based on the draft Guidelines issued by the OEB (EB-2019-0255), we are aware that Enbridge Gas Inc. may be required to include support for the proposed project from Band Council(s) and/or local government, as applicable, demonstrated through a written expression of support and/or a commitment to financial support in its project submissions.

Natural gas is the most common, affordable heating fuel in Ontario. We fully support the efforts of Enbridge Gas Inc., the OEB and the Ministry of Energy, Northern Development and Mines. We look forward to working together to expand natural gas access in our community to attract new opportunities, help create jobs and lower monthly costs for our residents.

Sincerely,

Mayor Tony Fraser  
Township of North Dundas

**Schedule 7W-6**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (North Winchester)**

Ontario Energy  
Board

Commission de l'Énergie  
de l'Ontario



1  
RP-2003-0040  
EB-2003-0048  
EB-2003-0049

2  
**IN THE MATTER OF** the *Municipal Franchises Act*, R.S.O.  
1990, c. M.55, as amended;

3  
**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order approving the terms and conditions upon  
which the Corporation of the Township of North Dundas is by  
by-law to grant Union Gas Limited the right to construct and  
operate works for the distribution of gas; the right to extend and  
add to the works; and the period for which such rights are  
granted;

4  
**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order dispensing with the requirement for the  
assent of the municipal electors of the Township of North  
Dundas regarding the by-law.

5  
**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order cancelling and replacing the existing  
Certificates of Public Convenience and Necessity for the  
Corporation of the Township of North Dundas

6  
**Before:**

7  
Art Birchenough  
Presiding Member

8  
Ken McCann  
Member

9  
**DECISION AND ORDER**

10  
Union Gas Limited ("Union") filed an application, dated February 27, 2003 (the "Application") with the Ontario Energy Board (the "Board") under the *Municipal Franchises Act*, R.S.O. 1990, c. M.55 as amended (the "Act") for an order approving the terms and conditions upon which and the period for which the Corporation of the Township of North Dundas (the "Corporation") is, by by-law, to grant to Union Gas Limited the right to construct and operate works for the distribution of gas, and the right to extend and add to the works in the Township of North Dundas (the "Municipality") . The Board assigned File No. RP-2003-0040/EB-2003-0048 to this Application.

11  
Effective January 1, 1998, the former municipalities of the Township of Mountain, the Township of Winchester, the Village of Chesterville and the Village of Winchester were amalgamated to form the Township of North Dundas.

12  
Union applied, by a letter dated February 27, 2003, for an order of the Board that consolidates the existing Certificates of Public Convenience and Necessity for the former municipalities and replaces these with a new Certificate of Public Convenience and Necessity for the Township of North Dundas. The Board assigned File No. EB-2003-0049 to this Application.

13  
The Board's Notice of Application was published on March 21, 2003. There were no intervenors. On April 30, 2003 the Board issued a Notice of Written Hearing. No party satisfied the Board that there was a good reason for not holding a written hearing.

14  
Union also submitted a resolution, passed by the Council of the Corporation, approving the form of draft by-law (the "By-law"), authorizing the franchise agreement between Union and the Corporation (the "Franchise Agreement"), and requesting the Board to declare and direct, pursuant to subsection 9(4) of the Act, that the assent of the municipal electors to the By-law is not necessary.

15  
The Board notes that Union is presently serving the Municipality and holds Certificates of Public Convenience and Necessity as follows for the former municipalities: Township of Mountain (E.B.C. 269), Township of Winchester (E.B.C. 24), Village of Chesterville (F.B.C. 56), and Village of Winchester (E.B.C. 57). The Board also notes that the Franchise Agreement (EB-2003-0048) is in the form of the 2000 Model Franchise Agreement approved by the Board as a standard form of franchise agreement.

16  
The Board finds that, based on the evidence, granting the Applications is in the public interest.

17  
**THE BOARD THEREFORE ORDERS THAT:**

18  
1. The terms and conditions upon which, and the period for which, the Corporation of Township of North Dundas is, by by-law, to grant Union Gas Limited the right to construct and operate works for the distribution of gas, and the right to extend and add to the works, as set out in the Franchise Agreement attached as Appendix A, are approved.

19  
2. The assent of the municipal electors of the Township of North Dundas to the By-law is not

necessary.

3. The existing Certificates of Public Convenience and Necessity for the former municipalities of the Township of Mountain (E.B.C. 269), the Township of Winchester (E.B.C. 24), the Village of Chesterville (F.B.C. 56), and the Village of Winchester (E.B.C. 57) are cancelled and replaced with a single Certificate of Public Convenience and Necessity for the Township of North Dundas (EB-2003-0049). 20
4. A duly certified copy of the by-law after third reading and an executed copy of the franchise agreement is to be filed with the Board by Union Gas Limited, as soon as these are available. 21

**DATED** at Toronto, DATE June 6, 2003  
**ONTARIO ENERGY BOARD** 22



Peter H. O'Dell  
Assistant Board Secretary

**Schedule 7X**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (West Winchester)**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">North Dundas (West Winchester) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>

**Part III – Description of and Support for Project**

3.1  
Redacted

**Provide a general overview of the project, which is to include the following: communities to be connected, including whether the project would serve any on-reserve Indigenous communities; existing population of each community by residential, commercial/institutional and industrial sectors; routing; length of pipeline; and nominal pipe size.**

Enbridge Gas is proposing to provide gas distribution service to the communities of Hallville and Mountain, west of Winchester, within the Township of North Dundas. The proposed facilities will provide access to natural gas to a forecasted 183 customers (165 residential, 17 commercial / institutional and 1 industrial).

The proposed project will tie-in to an existing 2” polyethylene pipeline at the intersection of \_\_\_\_\_ and \_\_\_\_\_ in the community of Kemptville within the Municipality of North Grenville. The proposed distribution system will head \_\_\_\_\_ to the communities of Hallville and Mountain.

Approximately 1 km of reinforcement pipe will be required to loop the existing NPS 2 mainline with the NPS 4 pipeline \_\_\_\_\_ to support the added load of the communities.

The approximate length and size of the distribution pipelines required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	2	11,083
Polyethylene	4	8,001

The approximate length and size of the reinforcement pipeline required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	4	960

Please refer to Schedule 7X-1 for Project Map.

3.2

**Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.**

Please refer to Schedule 7X-2, Table 3.2.

<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 7X-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 7X-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 7X-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>Please refer to Schedule 7X-5.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 7X-6 for Enbridge’s CPCNs for the Township of North Dundas (EB-2003-0049) and the Municipality of North Grenville (RP-2000-0074 / EB-2003-0153) which cover the entire area of the proposed project.</p> <p><i>Note: The Township of North Grenville was established on January 1, 1998 through the amalgamation of Oxford-on-Rideau Township, South Gower Township and the Town of Kemptville. In 2003, a motion of the municipal council adopted the designation of 'municipality'.</i></p>
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**Part IV – Cost of Project**

4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 7X-2, Table 4.2.</p>

4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 10</th> </tr> </thead> <tbody> <tr> <td>Closing Rate Base</td> <td></td> </tr> </tbody> </table> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p>Please refer to Schedule 7X-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$8,129,130</p> <p>Please refer to Schedule 7X-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$44,421</p> <p>Please refer to Schedule 7X-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$15.43</p> <p>Please refer to Schedule 7X-2, Table 5.3.</p>

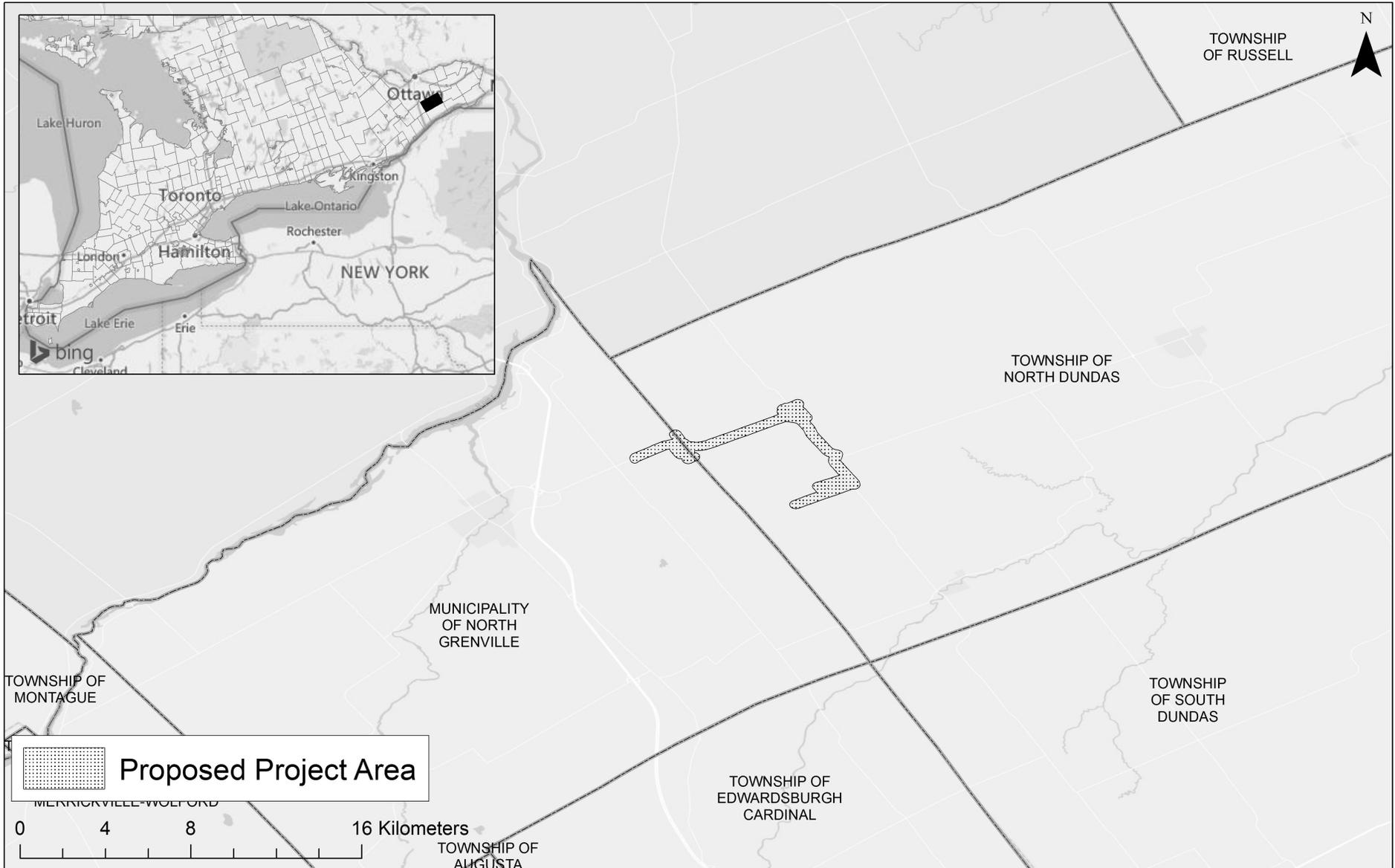
<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 7X-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 7X-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 7X-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 7X-4.</p>

**Schedule 7X-1**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (West Winchester)**

# North Dundas – West Winchester



**Schedule 7X-2**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (West Winchester)**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		51	38	25	13	13	5	5	5	5	5	165
Commercial	Firm		-	10	3	1	1	1	-	-	-	-	16
Institutional	Firm		-	-	-	-	-	-	-	-	-	-	-
Agricultural	Firm		-	1	-	-	-	-	-	-	-	-	1
Industrial	Firm		-	1	-	-	-	-	-	-	-	-	1
<b>Total Customers</b>			<b>51</b>	<b>50</b>	<b>28</b>	<b>14</b>	<b>14</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>183</b>
Cumulative Customers			51	101	129	143	157	163	168	173	178	183	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		56,100	154,000	223,300	265,100	293,700	313,500	324,500	335,500	346,500	357,500	2,669,700
Commercial		-	21,600	47,900	53,700	55,900	58,100	59,200	59,200	59,200	59,200	474,000
Institutional		-	-	-	-	-	-	-	-	-	-	-
Agricultural		-	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	85,000
Industrial		-	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	850,000
<b>Total Volumes</b>		<b>56,100</b>	<b>230,600</b>	<b>381,200</b>	<b>428,800</b>	<b>459,600</b>	<b>481,600</b>	<b>493,700</b>	<b>504,700</b>	<b>515,700</b>	<b>526,700</b>	<b>4,078,700</b>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>Total</u>
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	
Residential		56,100	210,100	433,400	698,500	992,200	1,305,700	1,630,200	1,965,700	2,312,200	2,669,700
Commercial		-	21,600	69,500	123,200	179,100	237,200	296,400	355,600	414,800	474,000
Institutional		-	-	-	-	-	-	-	-	-	-
Agricultural		-	5,000	15,000	25,000	35,000	45,000	55,000	65,000	75,000	85,000
Industrial		-	50,000	150,000	250,000	350,000	450,000	550,000	650,000	750,000	850,000
<b>Total Volumes</b>		<b>56,100</b>	<b>286,700</b>	<b>667,900</b>	<b>1,096,700</b>	<b>1,556,300</b>	<b>2,037,900</b>	<b>2,531,600</b>	<b>3,036,300</b>	<b>3,552,000</b>	<b>4,078,700</b>

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 8,129,130

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 44,421

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 15.43

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	11,815	40,056	63,092	72,946	79,433	84,066	86,614	88,931	91,247	93,564	\$ 711,764
SES Revenue		12,903	53,038	87,676	98,624	105,708	110,768	113,551	116,081	118,611	121,141	938,101
Total Distribution Charge	\$	<u>24,718</u>	<u>93,094</u>	<u>150,768</u>	<u>171,570</u>	<u>185,141</u>	<u>194,834</u>	<u>200,165</u>	<u>205,012</u>	<u>209,858</u>	<u>214,705</u>	<u>\$ 1,649,865</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	[REDACTED]
System Expansion Surcharge (SES) Revenue	[REDACTED]
Total Revenue (A)	[REDACTED]
Expenses:	
O&M Expense	[REDACTED]
Municipal Tax	[REDACTED]
Income Tax	[REDACTED]
Total Expenses (B)	[REDACTED]
Total Cash Inflow (C = A + B)	[REDACTED]
<u>Cash Outflow</u>	
Gross Capital	[REDACTED]
Change in Working Capital	[REDACTED]
Total Cash Outflow (D)	[REDACTED]
Profitability Index (PI) Without Section 36.2 Funding (C / D)	[REDACTED]

**Schedule 7X-3**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (West Winchester)**

Section 3.4 North Dundas (West Winchester)

Total Forecasted Customers 183 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	38	21%	\$ 5,000	\$ 2,787	\$ 1,495	\$ 1,292	\$ 49,655	6.6	-2.4	252	(93)
Electricity F/A	16	9%	\$ 5,000	\$ 1,998	\$ 1,495	\$ 503	\$ 8,282	0.5	3.6	9	59
Electricity Baseboard	22	12%	\$ 12,000	\$ 1,998	\$ 1,495	\$ 503	\$ 11,043	0.5	3.6	12	79
Propane	81	44%	\$ 600	\$ 1,611	\$ 1,495	\$ 116	\$ 9,361	5.1	-1.0	411	(79)
Wood	16	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	9	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>183</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,981</b>	<b>\$ 2,414</b>	<b>\$ 78,342</b>	<b>12.7</b>	<b>3.8</b>	<b>683</b>	<b>(34)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.680
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas North East) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 7X-4**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (West Winchester)**



**Schedule 7X-5**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (West Winchester)**



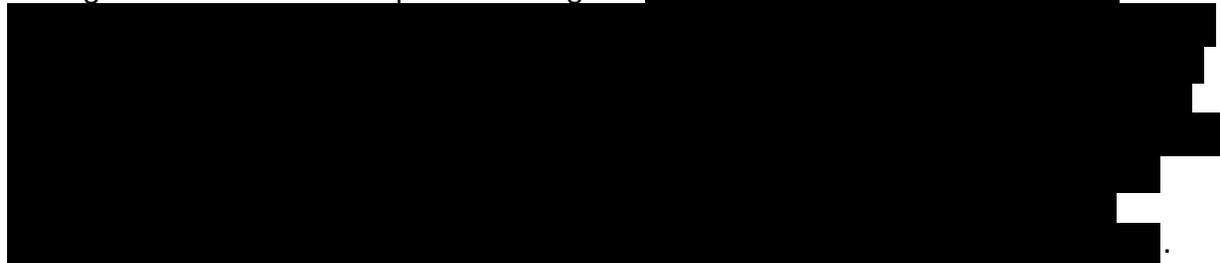
July 8, 2020

Attn: Luke Skaarup, Director, Northern Region Operations, Enbridge Gas Inc.

**Re: Expression of Support for Natural Gas Expansion within the Township of North Dundas**

In December 2019, the Government of Ontario announced plans to further increase access to natural gas by making financial support available for new service expansion projects. This Natural Gas Expansion Program will unlock financial support needed to expand natural gas service to new areas across Ontario that are not economically feasible without support. Our municipality is one such area, and we are eager to bring this affordable, reliable fuel source to our residents and businesses.

On behalf of the Township of North Dundas, I would like to formally express our interest to have the following project areas included on Enbridge Gas' list of projects being proposed to the Ontario Energy Board (OEB) for consideration for financial support through the Natural Gas Expansion Program



Based on the draft Guidelines issued by the OEB (EB-2019-0255), we are aware that Enbridge Gas Inc. may be required to include support for the proposed project from Band Council(s) and/or local government, as applicable, demonstrated through a written expression of support and/or a commitment to financial support in its project submissions.

Natural gas is the most common, affordable heating fuel in Ontario. We fully support the efforts of Enbridge Gas Inc., the OEB and the Ministry of Energy, Northern Development and Mines. We look forward to working together to expand natural gas access in our community to attract new opportunities, help create jobs and lower monthly costs for our residents.

Sincerely,

Mayor Tony Fraser  
Township of North Dundas

**Schedule 7X-6**  
**Enbridge Gas Community Expansion Project Proposal**  
**North Dundas (West Winchester)**

Ontario Energy  
Board

Commission de l'Énergie  
de l'Ontario



1  
RP-2003-0040  
EB-2003-0048  
EB-2003-0049

2  
**IN THE MATTER OF** the *Municipal Franchises Act*, R.S.O.  
1990, c. M.55, as amended;

3  
**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order approving the terms and conditions upon  
which the Corporation of the Township of North Dundas is by  
by-law to grant Union Gas Limited the right to construct and  
operate works for the distribution of gas; the right to extend and  
add to the works; and the period for which such rights are  
granted;

4  
**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order dispensing with the requirement for the  
assent of the municipal electors of the Township of North  
Dundas regarding the by-law.

5  
**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order cancelling and replacing the existing  
Certificates of Public Convenience and Necessity for the  
Corporation of the Township of North Dundas

6  
**Before:**

7  
Art Birchenough  
Presiding Member

8  
Ken McCann  
Member

9  
**DECISION AND ORDER**

10  
Union Gas Limited ("Union") filed an application, dated February 27, 2003 (the "Application") with the Ontario Energy Board (the "Board") under the *Municipal Franchises Act*, R.S.O. 1990, c. M.55 as amended (the "Act") for an order approving the terms and conditions upon which and the period for which the Corporation of the Township of North Dundas (the "Corporation") is, by by-law, to grant to Union Gas Limited the right to construct and operate works for the distribution of gas, and the right to extend and add to the works in the Township of North Dundas (the "Municipality") . The Board assigned File No. RP-2003-0040/EB-2003-0048 to this Application.

11  
Effective January 1, 1998, the former municipalities of the Township of Mountain, the Township of Winchester, the Village of Chesterville and the Village of Winchester were amalgamated to form the Township of North Dundas.

12  
Union applied, by a letter dated February 27, 2003, for an order of the Board that consolidates the existing Certificates of Public Convenience and Necessity for the former municipalities and replaces these with a new Certificate of Public Convenience and Necessity for the Township of North Dundas. The Board assigned File No. EB-2003-0049 to this Application.

13  
The Board's Notice of Application was published on March 21, 2003. There were no intervenors. On April 30, 2003 the Board issued a Notice of Written Hearing. No party satisfied the Board that there was a good reason for not holding a written hearing.

14  
Union also submitted a resolution, passed by the Council of the Corporation, approving the form of draft by-law (the "By-law"), authorizing the franchise agreement between Union and the Corporation (the "Franchise Agreement"), and requesting the Board to declare and direct, pursuant to subsection 9(4) of the Act, that the assent of the municipal electors to the By-law is not necessary.

15  
The Board notes that Union is presently serving the Municipality and holds Certificates of Public Convenience and Necessity as follows for the former municipalities: Township of Mountain (E.B.C. 269), Township of Winchester (E.B.C. 24), Village of Chesterville (F.B.C. 56), and Village of Winchester (E.B.C. 57). The Board also notes that the Franchise Agreement (EB-2003-0048) is in the form of the 2000 Model Franchise Agreement approved by the Board as a standard form of franchise agreement.

16  
The Board finds that, based on the evidence, granting the Applications is in the public interest.

17  
**THE BOARD THEREFORE ORDERS THAT:**

18  
1. The terms and conditions upon which, and the period for which, the Corporation of Township of North Dundas is, by by-law, to grant Union Gas Limited the right to construct and operate works for the distribution of gas, and the right to extend and add to the works, as set out in the Franchise Agreement attached as Appendix A, are approved.

19  
2. The assent of the municipal electors of the Township of North Dundas to the By-law is not

necessary.

3. The existing Certificates of Public Convenience and Necessity for the former municipalities of the Township of Mountain (E.B.C. 269), the Township of Winchester (E.B.C. 24), the Village of Chesterville (F.B.C. 56), and the Village of Winchester (E.B.C. 57) are cancelled and replaced with a single Certificate of Public Convenience and Necessity for the Township of North Dundas (EB-2003-0049). 20
  
4. A duly certified copy of the by-law after third reading and an executed copy of the franchise agreement is to be filed with the Board by Union Gas Limited, as soon as these are available. 21

**DATED** at Toronto, DATE June 6, 2003  
**ONTARIO ENERGY BOARD** 22



Peter H. O'Dell  
Assistant Board Secretary



Ontario Energy  
Board

Commission de l'Énergie  
de l'Ontario



**RP-2000-0074**

**EB-2003-0153**

**IN THE MATTER OF** the *Municipal Franchises Act*, R.S.O. 1990, c. M.55;

**AND IN THE MATTER OF** an Application by Enbridge Gas Distribution Inc. for an order cancelling existing Certificates of Public Convenience and Necessity for certain geographic areas now incorporated within the Township of North Grenville and replacing these with a single Certificate of Public Convenience and Necessity for the Township of North Grenville.

**BEFORE:**

Paul Vlahos  
Presiding Member

Art Birchenough  
Member

**DECISION AND ORDER**

Enbridge Gas Distribution Inc. filed an application dated July 23, 2003 with the Ontario Energy Board under the *Municipal Franchises Act*, R.S.O. 1990, c. M.55 for an order of the Board that cancels the existing Certificates of Public Convenience and Necessity for several former municipalities now incorporated within the Township of North Grenville and replaces these with a new Certificate of Public Convenience and Necessity for the entire Township of North Grenville. The Board has assigned File No. RP-2000-0074/ EB-2003-0153 to this application.

The Board's Notice of Application and Written Hearing was published on October 31, 2003.

On January 1, 1998 the Town of Kemptville, the Township of Oxford-on-Rideau and the Township of South Gower were amalgamated to form the Township of North Grenville. Enbridge has Certificates of Public Convenience and Necessity for the former Town of Kemptville (F.B.C. 175), the former Township of Oxford-on-Rideau (E.B.C. 167) and the former Township of South Gower (E.B.C.166).

The Board finds that it is in the public interest to grant the application and that public convenience and necessity appear to require that approval be given.

11

**THE BOARD THEREFORE ORDERS THAT:**

12

1 The Certificates of Public Convenience and Necessity for the former Town of Kemptville (F.B.C. 175), the former Township of Oxford-on-Rideau (E.B.C. 167) and the former Township of South Gower (E.B.C.166) are cancelled.

13

2 A Certificate of Public Convenience and Necessity, attached as Appendix A [1315N-0:1], is granted to Enbridge Gas Distribution Inc. to construct works to supply gas in the new Township of North Grenville.

14

**DATED** at Toronto, January 6, 2004.

15

ONTARIO ENERGY BOARD



Paul B. Pudge  
Assistant Secretary

**APPENDIX "A" TO  
BOARD DECISION AND ORDER  
RP-2000-0074/EB-2003-0153**

**DATED: January 6, 2004**

**Certificate of Public Convenience and Necessity for the Township of North Grenville  
[1315N-0:1]**



RP-2000-0074

EB-2003-0153

**Certificate of Public Convenience and Necessity**

The Ontario Energy Board hereby grants

**Enbridge Gas Distribution Inc.**

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

**Township of North Grenville..**

This certificate replaces the certificates of the former municipalities that are now within the Township of North Grenville.

**DATED** at Toronto, January 6, 2004.

ONTARIO ENERGY BOARD

Paul B. Pudge  
Assistant Secretary

**Schedule 7Y**  
**Enbridge Gas Community Expansion Project Proposal**

**O'Connor**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">O'Connor Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>

**Part III – Description of and Support for Project**

3.1  
Redacted

**Provide a general overview of the project, which is to include the following: communities to be connected, including whether the project would serve any on-reserve Indigenous communities; existing population of each community by residential, commercial/institutional and industrial sectors; routing; length of pipeline; and nominal pipe size.**

Enbridge Gas is proposing to provide gas distribution service to the Township of O'Connor within the Thunder Bay District. The proposed facilities will provide access to natural gas to a forecasted 69 customers (66 residential, 2 commercial / institutional and 1 industrial).

The proposed tie-in point will be to an existing 4" steel pipeline in the community of Kakabeka Falls within the Municipality of Oliver Paipooonge. The proposed distribution system will extend \_\_\_\_\_ and \_\_\_\_\_ to provide service within the Township of O'Connor.

A reinforcement segment is required near Kakabeka Falls. Two existing stations will require upsizing to accommodate the additional loads for the system.

The approximate length and size of the distribution pipelines required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	2	15,092

The approximate length and size of the reinforcement pipeline required:

Pipe Type	Diameter (NPS)	Length (m)
Steel	2	375

Please refer to Schedule 7Y-1 for Project Map.

3.2

**Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.**

Please refer to Schedule 7Y-2, Table 3.2.

3.3	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 7Y-2, Table 3.3.</p>
3.4	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 7Y-3, Table 3.4.</p>
3.5	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 7Y-4 for Proposed Construction Schedule.</p>
3.6	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>No letter of support has been provided by the local government in time for this project submission.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Enbridge Gas does not currently have a franchise agreement with nor Certificate of Public Convenience and Necessity for the Township of O'Connor. Enbridge Gas does have franchise agreements and CPCNs for adjacent municipalities including the Municipality of Oliver Paipoonge and the Municipality of Neebing.</p>
<b>Part IV – Cost of Project</b>	
4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility's proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent's project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 7Y-2, Table 4.2.</p>

4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 10</th> </tr> </thead> <tbody> <tr> <td>Closing Rate Base</td> <td></td> </tr> </tbody> </table> <p>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</p> <p>Please refer to Schedule 7Y-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$7,598,027</p> <p>Please refer to Schedule 7Y-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$110,116</p> <p>Please refer to Schedule 7Y-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$30.37</p> <p>Please refer to Schedule 7Y-2, Table 5.3.</p>

<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 7Y-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

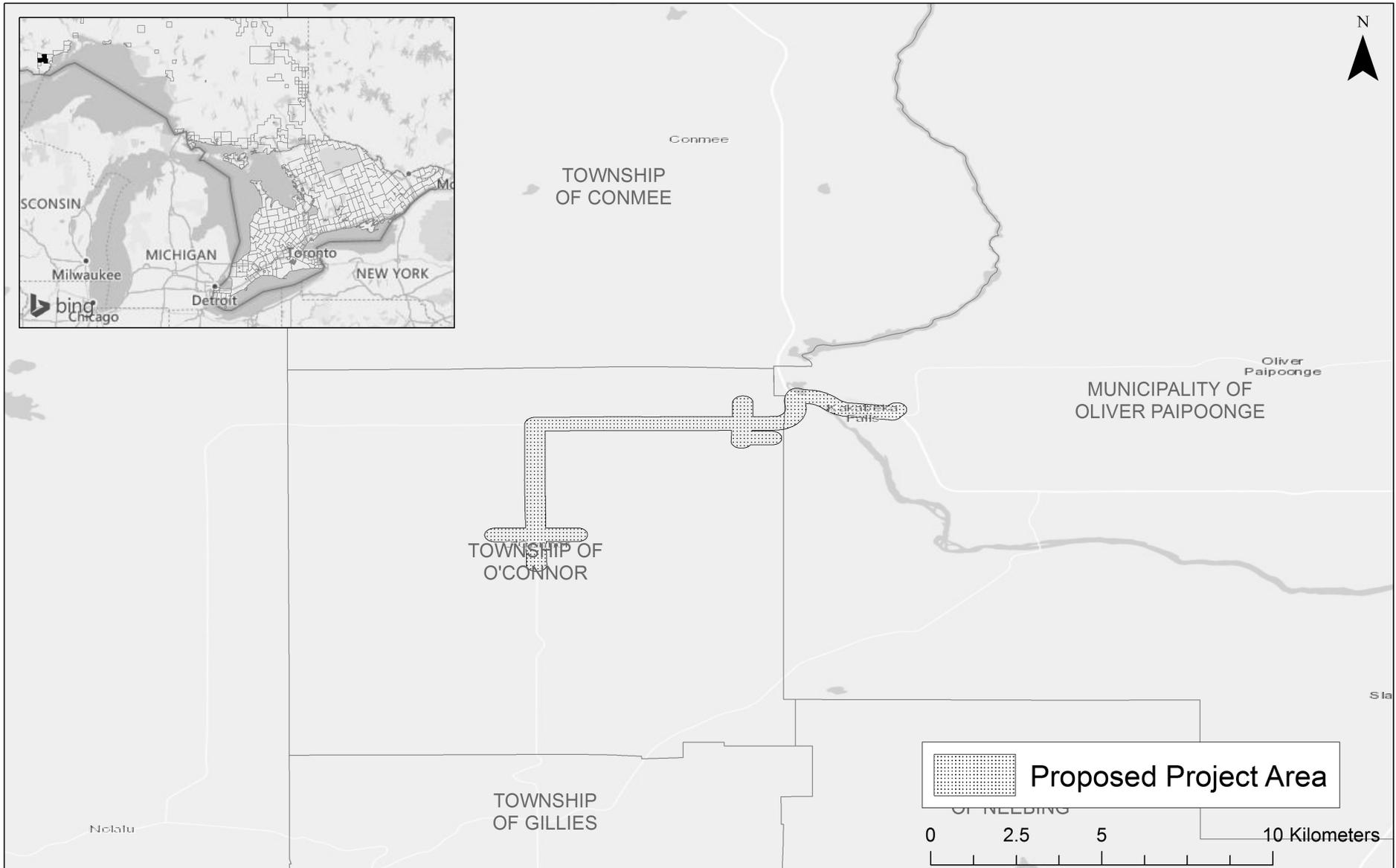
<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 7Y-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 7Y-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• Franchise Agreement and Certificate of Public Convenience and Necessity</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 7Y-4.</p>

**Schedule 7Y-1**  
**Enbridge Gas Community Expansion Project Proposal**

**O'Connor**

# O'Connor (Outside Thunder Bay)



**Schedule 7Y-2**  
**Enbridge Gas Community Expansion Project Proposal**

**O'Connor**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		20	15	10	5	5	3	2	2	2	2	66
Commercial	Firm		-	2	-	-	-	-	-	-	-	-	2
Institutional	Firm		-	-	-	-	-	-	-	-	-	-	-
Agricultural	Firm		-	-	-	-	-	-	-	-	-	-	-
Industrial	Firm		-	1	-	-	-	-	-	-	-	-	1
Total Customers			<u>20</u>	<u>18</u>	<u>10</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>69</u>
Cumulative Customers			20	38	48	53	58	61	63	65	67	69	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>10</u>	<u>Total</u>	
Residential		22,000	60,500	88,000	104,500	115,500	124,300	129,800	134,200	138,600	143,000	1,060,400	
Commercial		-	3,600	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	61,200	
Institutional		-	-	-	-	-	-	-	-	-	-	-	
Agricultural		-	-	-	-	-	-	-	-	-	-	-	
Industrial		-	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	850,000	
Total Volumes		<u>22,000</u>	<u>114,100</u>	<u>195,200</u>	<u>211,700</u>	<u>222,700</u>	<u>231,500</u>	<u>237,000</u>	<u>241,400</u>	<u>245,800</u>	<u>250,200</u>	<u>1,971,600</u>	

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>10</u>	
Residential		22,000	82,500	170,500	275,000	390,500	514,800	644,600	778,800	917,400	1,060,400	
Commercial		-	3,600	10,800	18,000	25,200	32,400	39,600	46,800	54,000	61,200	
Institutional		-	-	-	-	-	-	-	-	-	-	
Agricultural		-	-	-	-	-	-	-	-	-	-	
Industrial		-	50,000	150,000	250,000	350,000	450,000	550,000	650,000	750,000	850,000	
Total Volumes		<u>22,000</u>	<u>136,100</u>	<u>331,300</u>	<u>543,000</u>	<u>765,700</u>	<u>997,200</u>	<u>1,234,200</u>	<u>1,475,600</u>	<u>1,721,400</u>	<u>1,971,600</u>	

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 7,598,027

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 110,116

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 30.37

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	4,633	17,147	27,344	30,819	33,136	34,989	36,148	37,074	38,001	38,927	\$ 298,219
SES Revenue		5,060	26,243	44,896	48,691	51,221	53,245	54,510	55,522	56,534	57,546	453,468
Total Distribution Charge	\$	<u>9,693</u>	<u>43,390</u>	<u>72,240</u>	<u>79,510</u>	<u>84,357</u>	<u>88,234</u>	<u>90,658</u>	<u>92,596</u>	<u>94,535</u>	<u>96,473</u>	<u>\$ 751,687</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	██████████
System Expansion Surcharge (SES) Revenue	██████████
Total Revenue (A)	██████████
Expenses:	
O&M Expense	██████████
Municipal Tax	██████████
Income Tax	██████████
Total Expenses (B)	██████████
Total Cash Inflow (C = A + B)	██████████
<u>Cash Outflow</u>	
Gross Capital	██████████
Proposed Section 36.2 Funding	██████████
Change in Working Capital	██████████
Total Cash Outflow (D)	██████████
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Without Section 36.2 Funding (C / D)	

**Schedule 7Y-3**  
**Enbridge Gas Community Expansion Project Proposal**

**O'Connor**

Section 3.4 O'Connor

Total Forecasted Customers 69 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	14	21%	\$ 5,000	\$ 2,787	\$ 1,495	\$ 1,292	\$ 18,722	6.6	-2.4	95	(35)
Electricity F/A	6	9%	\$ 5,000	\$ 1,998	\$ 1,495	\$ 503	\$ 3,123	0.5	3.6	3	22
Electricity Baseboard	8	12%	\$ 12,000	\$ 1,998	\$ 1,495	\$ 503	\$ 4,164	0.5	3.6	4	30
Propane	30	44%	\$ 600	\$ 1,611	\$ 1,495	\$ 116	\$ 3,530	5.1	-1.0	155	(30)
Wood	6	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	3	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>69</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,981</b>	<b>\$ 2,414</b>	<b>\$ 29,539</b>	<b>12.7</b>	<b>3.8</b>	<b>258</b>	<b>(13)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355	tonnes/m3
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388	tonnes/L
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784	tonnes/L
Electricity	30 g/kWh	-	-	0.00003	tonnes/kWh
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.680
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas North East) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 7Y-4**  
**Enbridge Gas Community Expansion Project Proposal**

**O'Connor**



**Schedule 7Z**  
**Enbridge Gas Community Expansion Project Proposal**  
**Oro-Medonte**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">Oro-Medonte Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>

**Part III – Description of and Support for Project**

3.1  
Redacted

**Provide a general overview of the project, which is to include the following: communities to be connected, including whether the project would serve any on-reserve Indigenous communities; existing population of each community by residential, commercial/institutional and industrial sectors; routing; length of pipeline; and nominal pipe size.**

Enbridge Gas is proposing to expand the gas distribution service within the Township of Oro-Medonte to \_\_\_\_\_ between the communities of Rugby and Edgar. The proposed facilities will provide access to natural gas to a forecasted 97 customers (89 residential, 7 commercial / institutional and 1 industrial).

The proposed facilities will tie-in to an existing extra high pressure system at the intersection of \_\_\_\_\_ and \_\_\_\_\_ and be extended \_\_\_\_\_ to \_\_\_\_\_.

A station rebuild will be required at the intersection of \_\_\_\_\_ and \_\_\_\_\_ to support the additional capacity.

The approximate length and size of the distribution pipelines required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	2	5,100

The approximate length and size of the supply laterals required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	4	11,300

Please refer to Schedule 7Z-1 for Project Map.

3.2

**Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.**

Please refer to Schedule 7Z-2, Table 3.2.

<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 7Z-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 7Z-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 7Z-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>Please refer to Schedule 7Z-5.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 7Z-6 for Enbridge’s CPCNs for the Township of Oro-Medonte (EB-2016-0365 and EB-2016-0377) which cover the entire area of the proposed project.</p>
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**Part IV – Cost of Project**

4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
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4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 7Z-2, Table 4.2.</p>
-----	--

4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 10</th> </tr> </thead> <tbody> <tr> <td>Closing Rate Base</td> <td></td> </tr> </tbody> </table> <p>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</p> <p>Please refer to Schedule 7Z-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$7,357,911</p> <p>Please refer to Schedule 7Z-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$75,855</p> <p>Please refer to Schedule 7Z-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$21.76</p> <p>Please refer to Schedule 7Z-2, Table 5.3.</p>

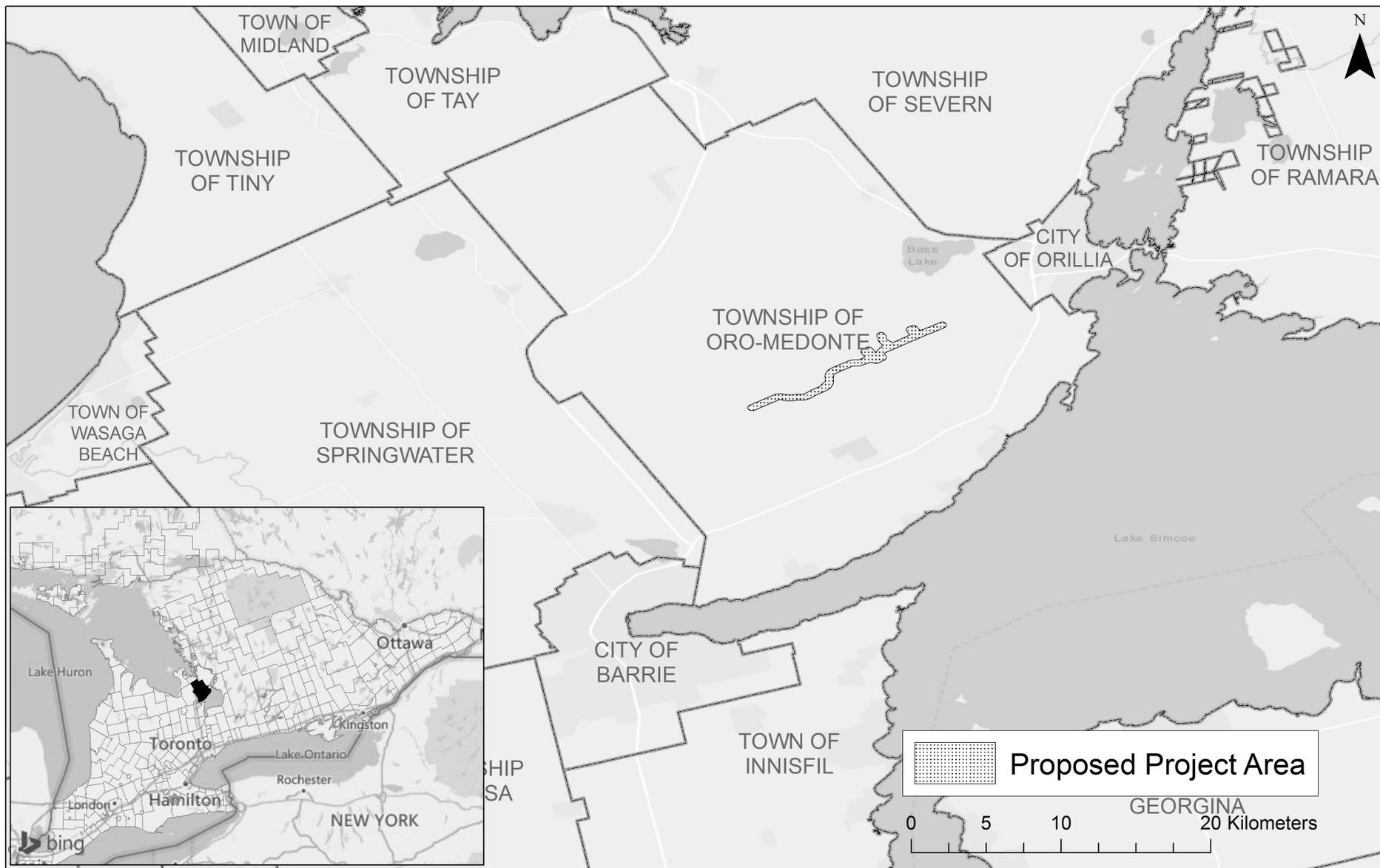
<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 7Z-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 7Z-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 7Z-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"><li>• Leave to Construct</li></ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB's <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 7Z-4.</p>

**Schedule 7Z-1**  
**Enbridge Gas Community Expansion Project Proposal**  
**Oro-Medonte**

# Oro-Medonte



**Schedule 7Z-2**  
**Enbridge Gas Community Expansion Project Proposal**  
**Oro-Medonte**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		27	21	14	7	7	3	3	3	2	2	89
Commercial	Firm		-	4	1	1	1	-	-	-	-	-	7
Institutional	Firm		-	-	-	-	-	-	-	-	-	-	-
Agricultural	Firm		-	-	-	-	-	-	-	-	-	-	-
Industrial	Firm		-	1	-	-	-	-	-	-	-	-	1
<b>Total Customers</b>			<u>27</u>	<u>26</u>	<u>15</u>	<u>8</u>	<u>8</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>97</u>
Cumulative Customers			27	53	68	76	84	87	90	93	95	97	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>Annual Volumes - m3</u>										<u>Total</u>
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	
Residential		32,400	90,000	132,000	157,200	174,000	186,000	193,200	200,400	206,400	211,200	1,582,800
Commercial		-	9,900	21,000	23,400	25,800	27,000	27,000	27,000	27,000	27,000	215,100
Institutional		-	-	-	-	-	-	-	-	-	-	-
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Industrial		-	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	850,000
<b>Total Volumes</b>		<u>32,400</u>	<u>149,900</u>	<u>253,000</u>	<u>280,600</u>	<u>299,800</u>	<u>313,000</u>	<u>320,200</u>	<u>327,400</u>	<u>333,400</u>	<u>338,200</u>	<u>2,647,900</u>

<u>Customer Type</u>	<u>Project Year</u>	<u>Cumulative Volumes - m3</u>									
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
Residential		32,400	122,400	254,400	411,600	585,600	771,600	964,800	1,165,200	1,371,600	1,582,800
Commercial		-	9,900	30,900	54,300	80,100	107,100	134,100	161,100	188,100	215,100
Institutional		-	-	-	-	-	-	-	-	-	-
Agricultural		-	-	-	-	-	-	-	-	-	-
Industrial		-	50,000	150,000	250,000	350,000	450,000	550,000	650,000	750,000	850,000
<b>Total Volumes</b>		<u>32,400</u>	<u>182,300</u>	<u>435,300</u>	<u>715,900</u>	<u>1,015,700</u>	<u>1,328,700</u>	<u>1,648,900</u>	<u>1,976,300</u>	<u>2,309,700</u>	<u>2,647,900</u>

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	[REDACTED]

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement		[REDACTED]										

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	[REDACTED]

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 7,357,911

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 75,855

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Volume (m3) \$ Year 10  
 21.76

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	5,677	20,735	33,585	39,052	43,048	45,676	46,938	48,199	49,251	50,092	\$ 382,253
SES Revenue		7,452	34,477	58,190	64,538	68,954	71,990	73,646	75,302	76,682	77,786	609,017
Total Distribution Charge	\$	<u>13,129</u>	<u>55,212</u>	<u>91,775</u>	<u>103,590</u>	<u>112,002</u>	<u>117,666</u>	<u>120,584</u>	<u>123,501</u>	<u>125,933</u>	<u>127,878</u>	\$ <u>991,270</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>	
<u>Cash Inflow</u>		
Revenue:		
Distribution Revenue		
System Expansion Surcharge (SES) Revenue		
Total Revenue (A)		
Expenses:		
O&M Expense		
Municipal Tax		
Income Tax		
Total Expenses (B)		
Total Cash Inflow (C = A + B)		
<u>Cash Outflow</u>		
Gross Capital		
Change in Working Capital		
Total Cash Outflow (D)		
Profitability Index (PI) Without Section 36.2 Funding (C / D)		

**Schedule 7Z-3**  
**Enbridge Gas Community Expansion Project Proposal**  
**Oro-Medonte**

Section 3.4 Oro-Medonte

Total Forecasted Customers 97 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	20	21%	\$ 5,000	\$ 3,050	\$ 1,481	\$ 1,570	\$ 31,976	7.2	-2.7	146	(54)
Electricity F/A	9	9%	\$ 5,000	\$ 2,187	\$ 1,481	\$ 706	\$ 6,167	0.6	3.9	5	34
Electricity Baseboard	12	12%	\$ 12,000	\$ 2,187	\$ 1,481	\$ 706	\$ 8,223	0.6	3.9	7	46
Propane	43	44%	\$ 600	\$ 1,764	\$ 1,481	\$ 283	\$ 12,092	5.6	-1.1	239	(47)
Wood	9	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	5	5%	\$ 5,000	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>97</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 9,188</b>	<b>\$ 5,923</b>	<b>\$ 3,266</b>	<b>\$ 58,459</b>	<b>13.9</b>	<b>4.1</b>	<b>397</b>	<b>(21)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 1 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2400	Gas (incl. fixed)	\$/m3	0.617
Heating oil	L	2623	Heating oil	\$/L	1.163
Electricity	kWh	19460	Electricity	\$/kWh	0.112
Propane	L	3622	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (EGD) April 2020 rates, including 23 cents per m<sup>3</sup> SES charge.

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices correspond to the latest available monthly average EDPRO residential rates for Zone 4 (March 2020)

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 7Z-4**  
**Enbridge Gas Community Expansion Project Proposal**  
**Oro-Medonte**



**Schedule 7Z-5**  
**Enbridge Gas Community Expansion Project Proposal**  
**Oro-Medonte**



July 24, 2020

Bike Balkanci  
Enbridge Gas Inc.  
6 Colony Court  
Brampton, ON  
L6T 4E4

Dear Ms. Balkanci,

**Re: Expression of Support for Natural Gas Expansion in the Township of Oro-Medonte**

In December 2019, the Government of Ontario announced plans to further increase access to natural gas by making financial support available for new service expansion projects. This Natural Gas Expansion Program will unlock financial support needed to expand natural gas service to new areas across Ontario that are not economically feasible without support. Our municipality is one such area, and we are eager to bring this affordable, reliable fuel source to more residents and businesses.

On behalf of the Township of Oro-Medonte, I would like to formally express our interest to have [REDACTED] included on Enbridge Gas' list of projects being proposed to the Ontario Energy Board (OEB) for consideration for financial support through the Natural Gas Expansion Program. This project would extend natural gas access to homes and businesses between the Village of Edgar and Village of Rugby along [REDACTED]. Council supports in principle, the financial support of the future expansion project through the use of the Incremental Tax Equivalent (ITE).

Based on the Guidelines issued by the OEB (EB-2019-0255), we are aware that Enbridge Gas Inc. is required to include support for the proposed project from Band Council(s) and/or local government, as applicable, demonstrated through a written expression of support and/or a commitment to financial support in its project submissions.

Natural gas is the most common, affordable heating fuel in Ontario. We fully support the efforts of Enbridge Gas Inc., the OEB and the Ministry of Energy, Northern Development and Mines. We look forward to working together to expand natural gas access in our community to attract new opportunities, help create jobs and lower monthly costs for our residents.

Sincerely,

Harry Hughes  
Mayor

**Schedule 7Z-6**  
**Enbridge Gas Community Expansion Project Proposal**  
**Oro-Medonte**

**EB-2016-0365**

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

The Ontario Energy Board grants

### **Enbridge Gas Distribution Inc.**

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

### **Township of Oro-Medonte**

as it is constituted on the date of this Decision and Order, and as depicted in Schedule C of this Decision and Order,

except for the areas covered by Certificates of Public Convenience and Necessity held by Union Gas Limited within the Township of Oro-Medonte, which includes the area bounded by Horseshoe Valley Road (north boundary), Ski Trails Road / TransCanada Pipeline Mainline (south boundary), 1 km either side of Line 3 North and 1 km either side of County Road 11 / Old Barrie Road from Line 3 North to Line 4 North (including the Village of Edgar) and the area bounded by Highway 12, Bass Lake Side Road, Line 15, Memorial Avenue, Woodland Drive, Lake Simcoe, Moon Point Drive, Maplewood Parkway, Eight Mile Point Road and Line 14 (including 792 Line 14 South).

**DATED** at Toronto, March 16, 2017

**ONTARIO ENERGY BOARD**

Original Signed By

Pascale Duguay  
Manager, Application Policy and Climate Change

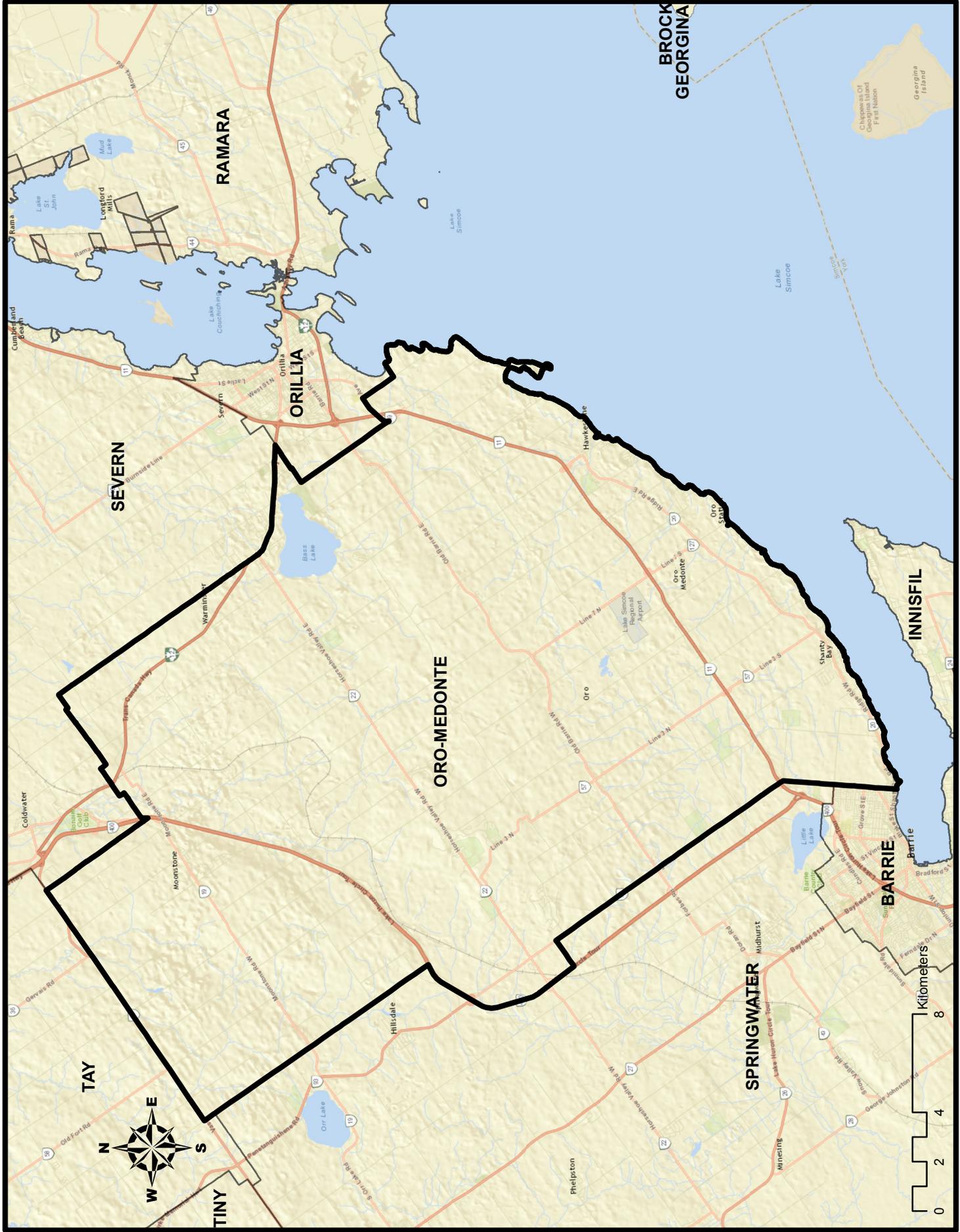
**SCHEDULE C**

**EB-2016-0365**

**DATED: March 16, 2017**

**Map of the Township of Oro-Medonte**

# Oro-Medonte



**EB-2016-0377**

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

The Ontario Energy Board grants

### **Union Gas Limited**

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

### **Township of Oro-Medonte**

as it is constituted on the date of this Decision and Order, and as depicted in Schedule C of this Decision and Order,

within the area bounded by Horseshoe Valley Road (north boundary), Ski Trails Road / TransCanada Pipeline Mainline (south boundary), 1 km either side of Line 3 North and 1 km either side of County Road 11 / Old Barrie Road from Line 3 North to Line 4 North (including the Village of Edgar) and the area bounded by Highway 12, Bass Lake Side Road, Line 15, Memorial Avenue, Woodland Drive, Lake Simcoe, Moon Point Drive, Maplewood Parkway, Eight Mile Point Road and Line 14 (including 792 Line 14 South).

**DATED** at Toronto, April 6, 2017

**ONTARIO ENERGY BOARD**

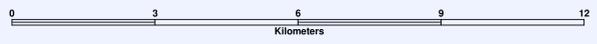
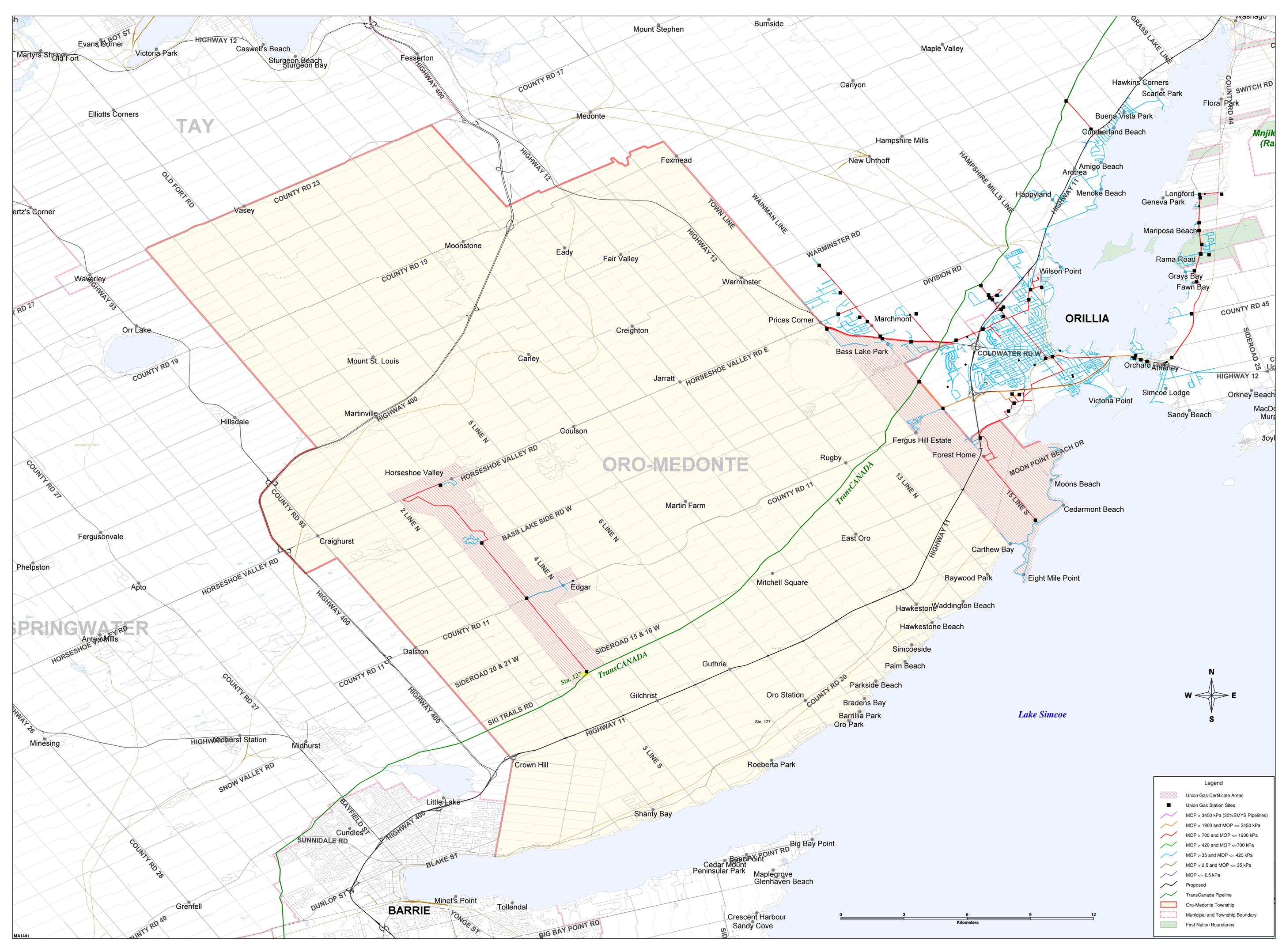
Pascale Duguay  
Manager, Application Policy and Climate Change

**SCHEDULE C**

**EB-2016-0377**

**DATED: April 6, 2017**

**Map of the Township of Oro-Medonte**



**Legend**

- Union Gas Certificate Areas
- Union Gas Station Sites
- MOP > 3450 kPa (30% SMYS Pipelines)
- MOP > 1900 and MOP <= 3450 kPa
- MOP > 700 and MOP <= 1900 kPa
- MOP > 420 and MOP <= 700 kPa
- MOP > 35 and MOP <= 420 kPa
- MOP > 2.5 and MOP <= 35 kPa
- MOP <= 2.5 kPa
- Proposed
- TransCanada Pipeline
- Oro-Medonte Township
- Municipal and Township Boundary
- First Nation Boundaries

**Schedule 8B**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Newton and Millbank**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">Perth East (Newton and Millbank) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>



<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 8B-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 8B-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 8B-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>Please refer to Schedule 8B-5.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 8B-6 for Enbridge’s CPCN for the Township of Perth East (EB-2003-0055) which covers the entire area of the proposed project.</p>
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**Part IV – Cost of Project**

4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 8B-2, Table 4.2.</p>

4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </table> <table border="1" style="margin-left: 40px;"> <tr> <th>Description</th> <th>Year 10</th> </tr> <tr> <td>Closing Rate Base</td> <td></td> </tr> </table> <p>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</p> <p>Please refer to Schedule 8B-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$6,561,393</p> <p>Please refer to Schedule 8B-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$28,778</p> <p>Please refer to Schedule 8B-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$4.36</p> <p>Please refer to Schedule 8B-2, Table 5.3.</p>

<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 8B-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

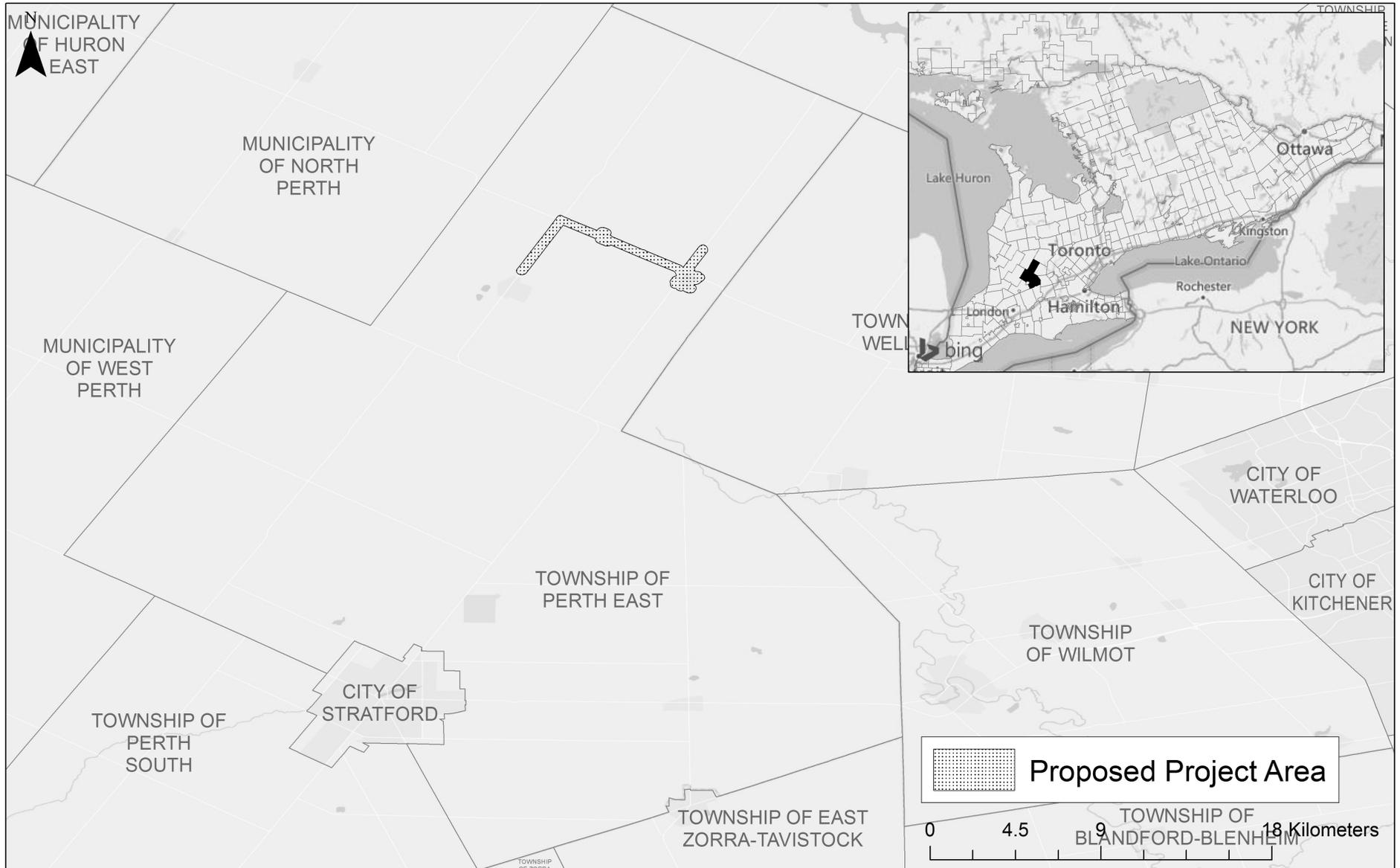
<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 8B-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 8B-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 8B-4.</p>

**Schedule 8B-1**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Newton and Millbank**

# Newton and Millbank - Perth East



**Schedule 8B-2**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Newton and Millbank**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		57	43	28	14	14	6	6	6	6	6	186
Commercial	Firm		-	14	4	3	3	1	-	-	-	-	25
Institutional	Firm		-	-	-	-	-	-	-	-	-	-	-
Agricultural	Firm		-	7	1	-	-	-	-	-	-	-	8
Industrial	Firm		-	4	3	2	-	-	-	-	-	-	9
Total Customers			<u>57</u>	<u>68</u>	<u>36</u>	<u>19</u>	<u>17</u>	<u>7</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>228</u>
Cumulative Customers			57	125	161	180	197	204	210	216	222	228	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		61,739	170,136	247,275	293,154	323,954	345,954	359,154	372,354	385,554	398,754	2,958,027
Commercial		-	28,800	63,400	73,900	83,300	89,100	90,200	90,200	90,200	90,200	699,300
Institutional		-	-	-	-	-	-	-	-	-	-	-
Agricultural		-	47,200	104,400	114,400	114,400	114,400	114,400	114,400	114,400	114,400	952,400
Industrial		-	200,000	550,000	800,000	900,000	900,000	900,000	900,000	900,000	900,000	6,950,000
Total Volumes		<u>61,739</u>	<u>446,136</u>	<u>965,075</u>	<u>1,281,454</u>	<u>1,421,654</u>	<u>1,449,454</u>	<u>1,463,754</u>	<u>1,476,954</u>	<u>1,490,154</u>	<u>1,503,354</u>	<u>11,559,727</u>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		61,739	231,875	479,149	772,303	1,096,257	1,442,211	1,801,365	2,173,719	2,559,273	2,958,027	
Commercial		-	28,800	92,200	166,100	249,400	338,500	428,700	518,900	609,100	699,300	
Institutional		-	-	-	-	-	-	-	-	-	-	
Agricultural		-	47,200	151,600	266,000	380,400	494,800	609,200	723,600	838,000	952,400	
Industrial		-	200,000	750,000	1,550,000	2,450,000	3,350,000	4,250,000	5,150,000	6,050,000	6,950,000	
Total Volumes		<u>61,739</u>	<u>507,875</u>	<u>1,472,949</u>	<u>2,754,403</u>	<u>4,176,057</u>	<u>5,625,511</u>	<u>7,089,265</u>	<u>8,566,219</u>	<u>10,056,373</u>	<u>11,559,727</u>	

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 6,561,393

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 28,778

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 4.36

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	9,281	37,563	67,565	84,945	94,138	98,097	100,220	102,180	104,139	106,099	\$ 804,227
SES Revenue		14,200	102,611	221,967	294,734	326,980	333,374	336,663	339,699	342,735	345,771	2,658,737
Total Distribution Charge	\$	<u>23,481</u>	<u>140,174</u>	<u>289,532</u>	<u>379,680</u>	<u>421,118</u>	<u>431,471</u>	<u>436,883</u>	<u>441,879</u>	<u>446,875</u>	<u>451,871</u>	<u>\$ 3,462,964</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Without Section 36.2 Funding (C / D)	

**Schedule 8B-3**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Newton and Millbank**

Section 3.4 Perth East (Newton and Millbank)

Total Forecasted Customers 228 Penetration Rate 66%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	48	21%	\$ 5,000	\$ 2,829	\$ 1,258	\$ 1,571	\$ 75,219	6.7	-2.5	318	(121)
Electricity F/A	21	9%	\$ 5,000	\$ 2,028	\$ 1,258	\$ 770	\$ 15,808	0.5	3.6	11	74
Electricity Baseboard	27	12%	\$ 12,000	\$ 1,626	\$ 1,258	\$ 368	\$ 10,066	0.5	3.6	15	98
Propane	100	44%	\$ 600	\$ 1,626	\$ 1,258	\$ 368	\$ 36,910	5.2	-1.1	520	(106)
Wood	21	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	11	5%	\$ 5,000	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>228</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,109</b>	<b>\$ 5,031</b>	<b>\$ 3,077</b>	<b>\$ 138,003</b>	<b>12.9</b>	<b>3.6</b>	<b>864</b>	<b>(56)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate M1 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.572
Heating oil	L	2433	Heating oil	\$/L	1.163
Electricity	kWh	18046	Electricity	\$/kWh	0.112
Propane	L	3359	Propane	\$/L	0.484

Notes:

Gas prices correspond to EGI (Union Gas South) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

South Propane prices correspond to the latest available monthly average EDPRO residential rates for Zone 1 (March 2020).

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 8B-4**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Newton and Millbank**



**Schedule 8B-5**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Newton and Millbank**



## Township of Perth East

P.O. Box 455, 25 Mill Street  
Milverton, Ontario NOK 1M0

Phone (519) 595-2800  
Fax (519) 595-2801

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July 10, 2020

Brian Lennie  
Senior Advisor, Municipal Affairs & Stakeholder Relations  
Ontario South/West Division  
Enbridge Gas Inc.

Dear Mr. Lennie,

**Re: Expression of Support for Natural Gas Expansion to Township of Perth East / Millbank and Newton Project**

In December 2019, the Government of Ontario announced plans to further increase access to natural gas by making financial support available for new service expansion projects. This Natural Gas Expansion Program will unlock financial support needed to expand natural gas service to new areas across Ontario that are not economically feasible without support. Our municipality is one such area, and we are eager to bring this affordable, reliable fuel source to our residents and businesses.

On behalf of the Township of Perth East, I would like to formally express our interest to have the Millbank and Newton Project included on Enbridge Gas' list of projects being proposed to the Ontario Energy Board (OEB) for consideration for financial support through the Natural Gas Expansion Program. Based on the draft Guidelines issued by the OEB (EB-2019-0255), we are aware that Enbridge Gas Inc. may be required to include support for the proposed project from Band Council(s) and/or local government, as applicable, demonstrated through a written expression of support and/or a commitment to financial support in its project submissions.

Natural gas is the most common, affordable heating fuel in Ontario. We fully support the efforts of Enbridge Gas Inc., the OEB and the Ministry of Energy, Northern Development and Mines. We look forward to working together to expand natural gas access in our community to attract new opportunities, help create jobs and lower monthly costs for our residents.

Sincerely,

Theresa Campbell  
Chief Administrative Officer  
Township of Perth East  
519-595-2800 ext. 232

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**Schedule 8B-6**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Newton and Millbank**



**RP-2003-0043**

**EB-2003-0055**

**IN THE MATTER OF** the *Municipal Franchises Act*,  
R.S.O. 1990, c. M.55, as amended;

**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order cancelling and replacing the existing Cer-  
tificates of Public Convenience and Necessity for the Town-  
ship of Perth East.

**Before:**

Art Birchenough  
Presiding Member

Ken McCann  
Member

**ORDER GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

Union Gas Limited (“Union”) filed a application dated February 28, 2003 (the “Certificate Appli-  
cation”) with the Ontario Energy Board (the “Board”) under the *Municipal Franchises Act*, R.S.O.  
1990, c. M.55 as amended (the “Act”) for an order cancelling the existing Certificates of Public  
Convenience and Necessity for the predecessor municipalities of the Township of Perth East  
(Township of Ellice (F.B.C. 232) Township of North Easthope (F.B.C. 229), Township of South  
Easthope (F.B.C. 233)) and replacing them with a Certificate of Public Convenience and Necessity  
for the new Township of Perth East. The Board has assigned File No. RP-2003-0043/EB-2003-  
0055 to this Certificate Application.

The Board’s Notice of Application was published on March 21, 2003. There were no intervenors.  
On April 30, 2003 the Board issued a Notice of Written Hearing. No party satisfied the Board that  
there was a good reason for not holding a written hearing. The replacement Certificate does not  
grant Union any additional rights to those it held under the predecessor certificates, and is requested  
by Union in order to recognize new municipal boundaries.

The Board found that, based on the evidence, granting the Certificate Application was in the public  
interest.

**THE BOARD THEREFORE ORDERS THAT:**

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1. The existing Certificates of Public Convenience and Necessity for the Township of Ellice (F.B.C. 232), Township of North Easthope (F.B.C. 229) and Township of South Easthope (F.B.C. 233) are cancelled and replaced with a single Certificate of Public Convenience and Necessity for the Township of Perth East (EB-2003-0055).

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2. A Certificate of Public Convenience and Necessity is granted to Union Gas Limited to construct works to supply gas in the Township of Perth East (EB-2003-0055).

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**DATED** at Toronto, July 29, 2003.

14

ONTARIO ENERGY BOARD

Peter H. O'Dell  
Assistant Board Secretary

**Schedule 8A**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Brunner**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">Perth East (Brunner) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>

**Part III – Description of and Support for Project**

3.1  
Redacted

**Provide a general overview of the project, which is to include the following: communities to be connected, including whether the project would serve any on-reserve Indigenous communities; existing population of each community by residential, commercial/institutional and industrial sectors; routing; length of pipeline; and nominal pipe size.**

Enbridge Gas is proposing to expand the gas distribution service within the Township of Perth East to the community of Brunner. The proposed facilities will provide access to natural gas to a forecasted 44 customers (35 residential, 6 commercial / institutional and 3 industrial).

The proposed project will tie-in to an existing 4" steel pipeline at the intersection of \_\_\_\_\_ and \_\_\_\_\_. The proposed facilities will run \_\_\_\_\_ and include \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.

A new small distribution will be required at the tie-in point.

The approximate length and size of the distribution pipelines required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	2	3,100
Polyethylene	4	600

Please refer to Schedule 8A-1 for Project Map.

3.2

**Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.**

Please refer to Schedule 8A-2, Table 3.2.

3.3

**Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.**

**For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.**

Please refer to Schedule 8A-2, Table 3.3.

<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 8A-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 8A-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>Please refer to Schedule 8A-5.</p>
<p>3.7</p>	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 8A-6 for Enbridge's CPCN for the Township of Perth East (EB-2003-0055) which covers the entire area of the proposed project.</p>

**Part IV – Cost of Project**

4.1 **Confirm that the proposed project includes a ten-year rate stability period.**  
 The proposed project does include a ten-year rate stability period.

4.2 **Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).**

Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).

For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.

Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility's proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent's project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.

Please refer to Schedule 8A-2, Table 4.2.

4.3 **Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&A costs) and rate base amount at the end of year ten.**

Complete the tables below:

**Revenue Requirement**

Description	Year 1	Year 2...	Year 10	Total
Revenue Requirement				

Description	Year 10
Closing Rate Base	

Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).

Please refer to Schedule 8A-2, Table 4.3.

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$814,850</p> <p>Please refer to Schedule 8A-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$18,519</p> <p>Please refer to Schedule 8A-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$1.64</p> <p>Please refer to Schedule 8A-2, Table 5.3.</p>
<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 8A-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 8A-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 8A-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 8A-4.</p>

**Schedule 8A-1**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Brunner**

# Perth East - Brunner



**Schedule 8A-2**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Brunner**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		11	8	5	3	3	1	1	1	1	1	35
Commercial	Firm		-	3	1	1	-	-	-	-	-	-	5
Institutional	Firm		-	-	-	-	-	-	-	-	-	-	-
Agricultural	Firm		-	1	-	-	-	-	-	-	-	-	1
Industrial	Firm		-	1	1	1	-	-	-	-	-	-	3
<b>Total Customers</b>			<b>11</b>	<b>13</b>	<b>7</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>44</b>
Cumulative Customers			11	24	31	36	39	40	41	42	43	44	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		12,100	33,000	47,300	56,100	62,700	67,100	69,300	71,500	73,700	75,900	568,700
Commercial		-	8,600	18,300	20,500	21,600	21,600	21,600	21,600	21,600	21,600	177,000
Institutional		-	-	-	-	-	-	-	-	-	-	-
Agricultural		-	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	850,000
Industrial		-	50,000	150,000	250,000	300,000	300,000	300,000	300,000	300,000	300,000	2,250,000
<b>Total Volumes</b>		<b>12,100</b>	<b>141,600</b>	<b>315,600</b>	<b>426,600</b>	<b>484,300</b>	<b>488,700</b>	<b>490,900</b>	<b>493,100</b>	<b>495,300</b>	<b>497,500</b>	<b>3,845,700</b>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>10</u>
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	
Residential		12,100	45,100	92,400	148,500	211,200	278,300	347,600	419,100	492,800	568,700
Commercial		-	8,600	26,900	47,400	69,000	90,600	112,200	133,800	155,400	177,000
Institutional		-	-	-	-	-	-	-	-	-	-
Agricultural		-	50,000	150,000	250,000	350,000	450,000	550,000	650,000	750,000	850,000
Industrial		-	50,000	200,000	450,000	750,000	1,050,000	1,350,000	1,650,000	1,950,000	2,250,000
<b>Total Volumes</b>		<b>12,100</b>	<b>153,700</b>	<b>469,300</b>	<b>895,900</b>	<b>1,380,200</b>	<b>1,868,900</b>	<b>2,359,800</b>	<b>2,852,900</b>	<b>3,348,200</b>	<b>3,845,700</b>

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 814,850

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 18,519

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 1.64

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	1,797	9,097	17,363	22,557	25,481	26,135	26,461	26,788	27,114	27,441	\$ 210,234
SES Revenue		2,783	32,568	72,588	98,118	111,389	112,401	112,907	113,413	113,919	114,425	884,511
Total Distribution Charge	\$	<u>4,580</u>	<u>41,665</u>	<u>89,951</u>	<u>120,675</u>	<u>136,870</u>	<u>138,536</u>	<u>139,368</u>	<u>140,201</u>	<u>141,033</u>	<u>141,866</u>	<u>\$ 1,094,745</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	██████████
System Expansion Surcharge (SES) Revenue	██████████
Total Revenue (A)	██████████
Expenses:	
O&M Expense	██████████
Municipal Tax	██████████
Income Tax	██████████
Total Expenses (B)	██████████
Total Cash Inflow (C = A + B)	██████████
<u>Cash Outflow</u>	
Gross Capital	██████████
Change in Working Capital	██████████
Total Cash Outflow (D)	██████████
Profitability Index (PI) Without Section 36.2 Funding (C / D)	██████████

**Schedule 8A-3**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Brunner**

Section 3.4 Perth East – Brunner

Total Forecasted Customers 44 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	9	21%	\$ 5,000	\$ 2,829	\$ 1,258	\$ 1,571	\$ 14,516	6.7	-2.5	61	(23)
Electricity F/A	4	9%	\$ 5,000	\$ 2,028	\$ 1,258	\$ 770	\$ 3,051	0.5	3.6	2	14
Electricity Baseboard	5	12%	\$ 12,000	\$ 1,626	\$ 1,258	\$ 368	\$ 1,943	0.5	3.6	3	19
Propane	19	44%	\$ 600	\$ 1,626	\$ 1,258	\$ 368	\$ 7,123	5.2	-1.1	100	(20)
Wood	4	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	2	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>44</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,109</b>	<b>\$ 5,031</b>	<b>\$ 3,077</b>	<b>\$ 26,632</b>	<b>12.9</b>	<b>3.6</b>	<b>167</b>	<b>(11)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate M1 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.572
Heating oil	L	2433	Heating oil	\$/L	1.163
Electricity	kWh	18046	Electricity	\$/kWh	0.112
Propane	L	3359	Propane	\$/L	0.484

Notes:

Gas prices correspond to EGI (Union Gas South) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

South Propane prices correspond to the latest available monthly average EDPRO residential rates for Zone 1 (March 2020).

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 8A-4**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Brunner**



**Schedule 8A-5**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Brunner**



## Township of Perth East

P.O. Box 455, 25 Mill Street  
Milverton, Ontario N0K 1M0

Phone (519) 595-2800  
Fax (519) 595-2801

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July 7, 2020

Brian Lennie  
Senior Advisor, Municipal Affairs & Stakeholder Relations  
Ontario South/West Division  
Enbridge Gas Inc.

Dear Mr. Lennie,

**Re: Expression of Support for Natural Gas Expansion to Township of Perth East / Kinkora and Brunner Project**

In December 2019, the Government of Ontario announced plans to further increase access to natural gas by making financial support available for new service expansion projects. This Natural Gas Expansion Program will unlock financial support needed to expand natural gas service to new areas across Ontario that are not economically feasible without support. Our municipality is one such area, and we are eager to bring this affordable, reliable fuel source to our residents and businesses.

On behalf of the Township of Perth East, I would like to formally express our interest to have the Kinkora/Brunner Project included on Enbridge Gas' list of projects being proposed to the Ontario Energy Board (OEB) for consideration for financial support through the Natural Gas Expansion Program. Based on the draft Guidelines issued by the OEB (EB-2019-0255), we are aware that Enbridge Gas Inc. may be required to include support for the proposed project from Band Council(s) and/or local government, as applicable, demonstrated through a written expression of support and/or a commitment to financial support in its project submissions.

Natural gas is the most common, affordable heating fuel in Ontario. We fully support the efforts of Enbridge Gas Inc., the OEB and the Ministry of Energy, Northern Development and Mines. We look forward to working together to expand natural gas access in our community to attract new opportunities, help create jobs and lower monthly costs for our residents.

Sincerely,

Theresa Campbell  
Chief Administrative Officer  
Township of Perth East  
519-595-2800 ext. 232

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**Schedule 8A-6**  
**Enbridge Gas Community Expansion Project Proposal**

**Perth East - Brunner**



**RP-2003-0043**

**EB-2003-0055**

**IN THE MATTER OF** the *Municipal Franchises Act*,  
R.S.O. 1990, c. M.55, as amended;

**AND IN THE MATTER OF** an application by Union Gas  
Limited for an order cancelling and replacing the existing Cer-  
tificates of Public Convenience and Necessity for the Town-  
ship of Perth East.

**Before:**

Art Birchenough  
Presiding Member

Ken McCann  
Member

**ORDER GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

Union Gas Limited (“Union”) filed a application dated February 28, 2003 (the “Certificate Appli-  
cation”) with the Ontario Energy Board (the “Board”) under the *Municipal Franchises Act*, R.S.O.  
1990, c. M.55 as amended (the “Act”) for an order cancelling the existing Certificates of Public  
Convenience and Necessity for the predecessor municipalities of the Township of Perth East  
(Township of Ellice (F.B.C. 232) Township of North Easthope (F.B.C. 229), Township of South  
Easthope (F.B.C. 233)) and replacing them with a Certificate of Public Convenience and Necessity  
for the new Township of Perth East. The Board has assigned File No. RP-2003-0043/EB-2003-  
0055 to this Certificate Application.

The Board’s Notice of Application was published on March 21, 2003. There were no intervenors.  
On April 30, 2003 the Board issued a Notice of Written Hearing. No party satisfied the Board that  
there was a good reason for not holding a written hearing. The replacement Certificate does not  
grant Union any additional rights to those it held under the predecessor certificates, and is requested  
by Union in order to recognize new municipal boundaries.

The Board found that, based on the evidence, granting the Certificate Application was in the public  
interest.

**THE BOARD THEREFORE ORDERS THAT:**

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1. The existing Certificates of Public Convenience and Necessity for the Township of Ellice (F.B.C. 232), Township of North Easthope (F.B.C. 229) and Township of South Easthope (F.B.C. 233) are cancelled and replaced with a single Certificate of Public Convenience and Necessity for the Township of Perth East (EB-2003-0055).

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2. A Certificate of Public Convenience and Necessity is granted to Union Gas Limited to construct works to supply gas in the Township of Perth East (EB-2003-0055).

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**DATED** at Toronto, July 29, 2003.

14

ONTARIO ENERGY BOARD

Peter H. O'Dell  
Assistant Board Secretary

**Schedule 8C**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Cherry Valley**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">Prince Edward County (Cherry Valley) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>

**Part III – Description of and Support for Project**

3.1  
Redacted

**Provide a general overview of the project, which is to include the following: communities to be connected, including whether the project would serve any on-reserve Indigenous communities; existing population of each community by residential, commercial/institutional and industrial sectors; routing; length of pipeline; and nominal pipe size.**

Enbridge Gas is proposing to expand the gas distribution service within single-tier Prince Edward County to the community of Cherry Valley. The proposed facilities will provide access to natural gas to a forecasted 152 customers (134 residential, 14 commercial / institutional, 1 intensive agriculture and 3 industrial).

The proposed project will tie-in to an existing 2” polyethylene pipe near the intersection of \_\_\_\_\_ and \_\_\_\_\_, \_\_\_\_\_ of Picton. The proposed distribution system will extend \_\_\_\_\_ to Cherry Valley up to \_\_\_\_\_.

A new distribution station will be required.

The approximate length and size of the distribution pipelines required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	2	6,150

The approximate length and size of the supply laterals required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	4	7,930

Please refer to Schedule 8C-1 for Project Map.

3.2

**Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.**

Please refer to Schedule 8C-2, Table 3.2.

<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 8C-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 8C-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 8C-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>Please refer to Schedule 8C-5.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 8C-6 for Enbridge’s CPCN for Prince Edward County (RP-2003-0175 / EB-2003-0217) which covers the entire area of the proposed project.</p>
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**Part IV – Cost of Project**

4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
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4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 8C-2, Table 4.2.</p>
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4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 10</th> </tr> </thead> <tbody> <tr> <td>Closing Rate Base</td> <td></td> </tr> </tbody> </table> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p>Please refer to Schedule 8C-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$5,206,389</p> <p>Please refer to Schedule 8C-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$34,253</p> <p>Please refer to Schedule 8C-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$7.44</p> <p>Please refer to Schedule 8C-2, Table 5.3.</p>

<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 8C-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 8C-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 8C-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 8C-4.</p>

**Schedule 8C-1**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Cherry Valley**

# Prince Edward County – Cherry Valley



**Schedule 8C-2**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Cherry Valley**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		41	31	22	10	10	4	4	4	4	4	134
Commercial	Firm		-	8	2	1	1	1	-	-	-	-	13
Institutional	Firm		-	1	-	-	-	-	-	-	-	-	1
Agricultural	Firm		-	1	-	-	-	-	-	-	-	-	1
Industrial	Firm		-	3	-	-	-	-	-	-	-	-	3
Total Customers			<u>41</u>	<u>44</u>	<u>24</u>	<u>11</u>	<u>11</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>152</u>
Cumulative Customers			41	85	109	120	131	136	140	144	148	152	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		45,100	124,300	182,600	217,800	239,800	255,200	264,000	272,800	281,600	290,400	2,173,600
Commercial		-	14,100	30,400	33,700	35,900	38,100	39,200	39,200	39,200	39,200	309,000
Institutional		-	25,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	425,000
Agricultural		-	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	170,000
Industrial		-	150,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	2,550,000
Total Volumes		<u>45,100</u>	<u>323,400</u>	<u>583,000</u>	<u>621,500</u>	<u>645,700</u>	<u>663,300</u>	<u>673,200</u>	<u>682,000</u>	<u>690,800</u>	<u>699,600</u>	<u>5,627,600</u>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		45,100	169,400	352,000	569,800	809,600	1,064,800	1,328,800	1,601,600	1,883,200	2,173,600	
Commercial		-	14,100	44,500	78,200	114,100	152,200	191,400	230,600	269,800	309,000	
Institutional		-	25,000	75,000	125,000	175,000	225,000	275,000	325,000	375,000	425,000	
Agricultural		-	10,000	30,000	50,000	70,000	90,000	110,000	130,000	150,000	170,000	
Industrial		-	150,000	450,000	750,000	1,050,000	1,350,000	1,650,000	1,950,000	2,250,000	2,550,000	
Total Volumes		<u>45,100</u>	<u>368,500</u>	<u>951,500</u>	<u>1,573,000</u>	<u>2,218,700</u>	<u>2,882,000</u>	<u>3,555,200</u>	<u>4,237,200</u>	<u>4,928,000</u>	<u>5,627,600</u>	

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 5,206,389

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 34,253

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 7.44

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	9,498	43,152	72,867	80,975	86,072	89,778	91,863	93,717	95,570	97,423	\$ 760,916
SES Revenue		10,373	74,382	134,090	142,945	148,511	152,559	154,836	156,860	158,884	160,908	1,294,348
Total Distribution Charge	\$	<u>19,871</u>	<u>117,534</u>	<u>206,957</u>	<u>223,920</u>	<u>234,583</u>	<u>242,337</u>	<u>246,699</u>	<u>250,577</u>	<u>254,454</u>	<u>258,331</u>	<u>\$ 2,055,264</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Without Section 36.2 Funding (C / D)	

**Schedule 8C-3**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Cherry Valley**

Section 3.4 Prince Edward County (Cherry Valley)

Total Forecasted Customers 152 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	32	21%	\$ 5,000	\$ 2,787	\$ 1,495	\$ 1,292	\$ 41,243	6.6	-2.4	209	(78)
Electricity F/A	14	9%	\$ 5,000	\$ 1,998	\$ 1,495	\$ 503	\$ 6,879	0.5	3.6	7	49
Electricity Baseboard	18	12%	\$ 12,000	\$ 1,998	\$ 1,495	\$ 503	\$ 9,172	0.5	3.6	10	65
Propane	67	44%	\$ 600	\$ 1,611	\$ 1,495	\$ 116	\$ 7,776	5.1	-1.0	341	(66)
Wood	14	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	8	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>152</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,981</b>	<b>\$ 2,414</b>	<b>\$ 65,071</b>	<b>12.7</b>	<b>3.8</b>	<b>568</b>	<b>(29)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.680
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas North East) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 8C-4**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Cherry Valley**



**Schedule 8C-5**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Cherry Valley**



**Chief Administrative Officer**

The Corporation of the County of Prince Edward  
Office: 332 Picton Main Street, Picton, ON K0K 2T0  
Mailing: 332 Picton Main Street, Picton, ON K0K 2T0  
T: 613.476.2148 x 1003 | F: 613.476-476-5727  
mwallace@pecounty.on.ca | www.thecounty.ca

June 30, 2020

Dear Regional Director,

**Re: Expression of Support for Natural Gas Expansion to Cherry Valley, Ameliasburgh and Consecon, Prince Edward County**

In December 2019, the Government of Ontario announced plans to further increase access to natural gas by making financial support available for new service expansion projects. This Natural Gas Expansion Program will unlock financial support needed to expand natural gas service to new areas across Ontario that are not economically feasible without support. Our municipality is one such area, and we are eager to bring this affordable, reliable fuel source to our residents and businesses.

On behalf of the Corporation of the County of Prince Edward, I would like to formally express our interest to have Cherry Valley Natural Gas Expansion, Ameliasburgh Natural Gas Expansion and Consecon Natural Gas Expansion included on Enbridge Gas' list of projects being proposed to the Ontario Energy Board (OEB) for consideration for financial support through the Natural Gas Expansion Program.

Based on the draft Guidelines issued by the OEB (EB-2019-0255), we are aware that Enbridge Gas Inc. may be required to include support for the proposed project from Band Council(s) and/or local government, as applicable, demonstrated through a written expression of support. The Corporation of the County of Prince Edward supports this project moving forward.

Natural gas is the most common, affordable heating fuel in Ontario. We fully support the efforts of Enbridge Gas Inc., the OEB and the Ministry of Energy, Northern Development and Mines. We look forward to working together to expand natural gas access in our community to attract new opportunities, help create jobs and lower monthly costs for our residents.

Sincerely,

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Wallace".

Marcia Wallace, PhD, RPP  
Chief Administrative Officer

**Schedule 8C-6**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Cherry Valley**

Ontario Energy  
Board

Commission de l'Énergie  
de l'Ontario



**RP-2003-0175**

**EB-2003-0217**

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

The Ontario Energy Board hereby grants

**Union Gas Limited**

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

**County of Prince Edward.**

This the certificates replaces the certificates of the former municipalities that are now within the geographic area of the County of Prince Edward.

**DATED** at Toronto, October 17, 2003

ONTARIO ENERGY BOARD

Paul B. Pudge  
Assistant Secretary

**Schedule 8D**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Consecon and Carrying Place**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">Prince Edward County (Consecon and Carrying Place) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>



<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 8D-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 8D-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 8D-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>Please refer to Schedule 8D-5.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 8D-6 for Enbridge’s CPCN for Prince Edward County (RP-2003-0175 / EB-2003-0217) which covers the entire area of the proposed project.</p>
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**Part IV – Cost of Project**

4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
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4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 8D-2, Table 4.2.</p>
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4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 10</th> </tr> </thead> <tbody> <tr> <td>Closing Rate Base</td> <td></td> </tr> </tbody> </table> <p>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</p> <p>Please refer to Schedule 8D-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$9,591,699</p> <p>Please refer to Schedule 8D-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$30,644</p> <p>Please refer to Schedule 8D-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$9.20</p> <p>Please refer to Schedule 8D-2, Table 5.3.</p>

<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 8D-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 8D-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 8D-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 8D-4.</p>

**Schedule 8D-1**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Consecon and Carrying Place**

# Consecon



**Schedule 8D-2**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Consecon and Carrying Place**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		88	66	44	22	22	9	9	9	9	9	287
Commercial	Firm		-	12	4	2	2	1	-	-	-	-	21
Institutional	Firm		-	1	-	-	-	-	-	-	-	-	1
Agricultural	Firm		-	1	-	-	-	-	-	-	-	-	1
Industrial	Firm		-	2	1	-	-	-	-	-	-	-	3
Total Customers			<u>88</u>	<u>82</u>	<u>49</u>	<u>24</u>	<u>24</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>313</u>
Cumulative Customers			88	170	219	243	267	277	286	295	304	313	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		95,518	262,675	382,393	454,672	503,072	537,172	556,972	576,772	596,572	616,372	4,582,189
Commercial		-	22,700	51,200	60,600	67,800	72,500	73,600	73,600	73,600	73,600	569,200
Institutional		-	25,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	425,000
Agricultural		-	1,100	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	18,700
Industrial		-	100,000	250,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	2,450,000
Total Volumes		<u>95,518</u>	<u>411,475</u>	<u>735,793</u>	<u>867,472</u>	<u>923,072</u>	<u>961,872</u>	<u>982,772</u>	<u>1,002,572</u>	<u>1,022,372</u>	<u>1,042,172</u>	<u>8,045,089</u>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		95,518	358,193	740,585	1,195,257	1,698,329	2,235,501	2,792,473	3,369,245	3,965,817	4,582,189	
Commercial		-	22,700	73,900	134,500	202,300	274,800	348,400	422,000	495,600	569,200	
Institutional		-	25,000	75,000	125,000	175,000	225,000	275,000	325,000	375,000	425,000	
Agricultural		-	1,100	3,300	5,500	7,700	9,900	12,100	14,300	16,500	18,700	
Industrial		-	100,000	350,000	650,000	950,000	1,250,000	1,550,000	1,850,000	2,150,000	2,450,000	
Total Volumes		<u>95,518</u>	<u>506,993</u>	<u>1,242,785</u>	<u>2,110,257</u>	<u>3,033,329</u>	<u>3,995,201</u>	<u>4,977,973</u>	<u>5,980,545</u>	<u>7,002,917</u>	<u>8,045,089</u>	

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 9,591,699

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 30,644

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 9.20

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	20,269	69,440	113,375	134,092	145,459	153,460	157,861	162,031	166,201	170,371	\$ 1,292,558
SES Revenue		21,969	94,639	169,232	199,519	212,307	221,231	226,038	230,592	235,146	239,700	1,850,370
Total Distribution Charge	\$	<u>42,238</u>	<u>164,079</u>	<u>282,608</u>	<u>333,610</u>	<u>357,766</u>	<u>374,690</u>	<u>383,899</u>	<u>392,623</u>	<u>401,347</u>	<u>410,070</u>	<u>\$ 3,142,929</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>	
<u>Cash Inflow</u>		
Revenue:		
Distribution Revenue		
System Expansion Surcharge (SES) Revenue		
Total Revenue (A)		
Expenses:		
O&M Expense		
Municipal Tax		
Income Tax		
Total Expenses (B)		
Total Cash Inflow (C = A + B)		
<u>Cash Outflow</u>		
Gross Capital		
Change in Working Capital		
Total Cash Outflow (D)		
Profitability Index (PI) Without Section 36.2 Funding (C / D)		

**Schedule 8D-3**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Consecon and Carrying Place**

Section 3.4 Prince Edward County (Consecon and Carrying Place)

Total Forecasted Customers 313 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	66	21%	\$ 5,000	\$ 2,787	\$ 1,495	\$ 1,292	\$ 84,929	6.6	-2.4	431	(160)
Electricity F/A	28	9%	\$ 5,000	\$ 1,998	\$ 1,495	\$ 503	\$ 14,166	0.5	3.6	15	101
Electricity Baseboard	38	12%	\$ 12,000	\$ 1,998	\$ 1,495	\$ 503	\$ 18,888	0.5	3.6	20	135
Propane	138	44%	\$ 600	\$ 1,611	\$ 1,495	\$ 116	\$ 16,012	5.1	-1.0	703	(135)
Wood	28	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	16	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>313</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,981</b>	<b>\$ 2,414</b>	<b>\$ 133,994</b>	<b>12.7</b>	<b>3.8</b>	<b>1,169</b>	<b>(59)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.680
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas North East) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 8D-4**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Consecon and Carrying Place**



**Schedule 8D-5**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Consecon and Carrying Place**



**Chief Administrative Officer**

The Corporation of the County of Prince Edward  
Office: 332 Picton Main Street, Picton, ON K0K 2T0  
Mailing: 332 Picton Main Street, Picton, ON K0K 2T0  
T: 613.476.2148 x 1003 | F: 613.476-476-5727  
mwallace@pecounty.on.ca | www.thecounty.ca

June 30, 2020

Dear Regional Director,

**Re: Expression of Support for Natural Gas Expansion to Cherry Valley, Ameliasburgh and Consecon, Prince Edward County**

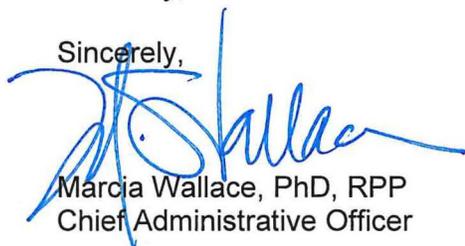
In December 2019, the Government of Ontario announced plans to further increase access to natural gas by making financial support available for new service expansion projects. This Natural Gas Expansion Program will unlock financial support needed to expand natural gas service to new areas across Ontario that are not economically feasible without support. Our municipality is one such area, and we are eager to bring this affordable, reliable fuel source to our residents and businesses.

On behalf of the Corporation of the County of Prince Edward, I would like to formally express our interest to have Cherry Valley Natural Gas Expansion, Ameliasburgh Natural Gas Expansion and Consecon Natural Gas Expansion included on Enbridge Gas' list of projects being proposed to the Ontario Energy Board (OEB) for consideration for financial support through the Natural Gas Expansion Program.

Based on the draft Guidelines issued by the OEB (EB-2019-0255), we are aware that Enbridge Gas Inc. may be required to include support for the proposed project from Band Council(s) and/or local government, as applicable, demonstrated through a written expression of support. The Corporation of the County of Prince Edward supports this project moving forward.

Natural gas is the most common, affordable heating fuel in Ontario. We fully support the efforts of Enbridge Gas Inc., the OEB and the Ministry of Energy, Northern Development and Mines. We look forward to working together to expand natural gas access in our community to attract new opportunities, help create jobs and lower monthly costs for our residents.

Sincerely,

Sincerely,  
  
Marcia Wallace, PhD, RPP  
Chief Administrative Officer

**Schedule 8D-6**  
**Enbridge Gas Community Expansion Project Proposal**  
**Prince Edward County - Consecon and Carrying Place**

Ontario Energy  
Board

Commission de l'Énergie  
de l'Ontario



**RP-2003-0175**

**EB-2003-0217**

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

The Ontario Energy Board hereby grants

**Union Gas Limited**

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

**County of Prince Edward.**

This certificate replaces the certificates of the former municipalities that are now within the geographic area of the County of Prince Edward.

**DATED** at Toronto, October 17, 2003

ONTARIO ENERGY BOARD

Paul B. Pudge  
Assistant Secretary

**Schedule 8E**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - Madsen**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">Red Lake (Madsen) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>

**Part III – Description of and Support for Project**

3.1  
Redacted

**Provide a general overview of the project, which is to include the following: communities to be connected, including whether the project would serve any on-reserve Indigenous communities; existing population of each community by residential, commercial/institutional and industrial sectors; routing; length of pipeline; and nominal pipe size.**

Enbridge Gas is proposing to expand the gas distribution service within the Municipality of Red Lake to the community of Madsen. The proposed facilities will provide access to natural gas to a forecasted 56 customers (50 residential, 3 commercial / institutional and 3 industrial).

The proposed project will tie-in to an existing 4” polyethylene pipe at the intersection of \_\_\_\_\_ and \_\_\_\_\_ in Red Lake. The proposed distribution system will extend \_\_\_\_\_ to the community of Madsen and branch out to include \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.

There will be no reinforcement required to accommodate additional loads for the system.

The approximate length and size of the distribution pipelines required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	2	5,445

The approximate length and size of the supply laterals required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	4	7,696

Please refer to Schedule 8E-1 for Project Map.

3.2

**Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.**

Please refer to Schedule 8E-2, Table 3.2.

<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 8E-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 8E-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 8E-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>No letter of support has been provided by the local government in time for this project submission.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 8E-6 for Enbridge’s CPCN for the Municipality of Red Lake (EB-2011-0042) which covers the entire area of the proposed project.</p>
<b>Part IV – Cost of Project</b>	
4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 8E-2, Table 4.2.</p>

4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 10</th> </tr> </thead> <tbody> <tr> <td>Closing Rate Base</td> <td></td> </tr> </tbody> </table> <p>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</p> <p>Please refer to Schedule 8E-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$5,383,250</p> <p>Please refer to Schedule 8E-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$96,129</p> <p>Please refer to Schedule 8E-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$12.67</p> <p>Please refer to Schedule 8E-2, Table 5.3.</p>

<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 8E-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 8E-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 8E-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 8E-4.</p>

**Schedule 8E-1**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - Madsen**

# Red Lake - Madsen



**Schedule 8E-2**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - Madsen**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		13	11	8	4	4	2	2	2	2	2	50
Commercial	Firm		-	3	-	-	-	-	-	-	-	-	3
Institutional	Firm		-	-	-	-	-	-	-	-	-	-	-
Agricultural	Firm		-	-	-	-	-	-	-	-	-	-	-
Industrial	Firm		-	3	-	-	-	-	-	-	-	-	3
<b>Total Customers</b>			<b>13</b>	<b>17</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>56</b>
Cumulative Customers			13	30	38	42	46	48	50	52	54	56	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		14,300	40,700	61,600	74,800	83,600	90,200	94,600	99,000	103,400	107,800	770,000
Commercial		-	8,600	17,200	17,200	17,200	17,200	17,200	17,200	17,200	17,200	146,200
Institutional		-	-	-	-	-	-	-	-	-	-	-
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Industrial		-	150,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	2,550,000
<b>Total Volumes</b>		<b>14,300</b>	<b>199,300</b>	<b>378,800</b>	<b>392,000</b>	<b>400,800</b>	<b>407,400</b>	<b>411,800</b>	<b>416,200</b>	<b>420,600</b>	<b>425,000</b>	<b>3,466,200</b>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>10</u>
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	
Residential		14,300	55,000	116,600	191,400	275,000	365,200	459,800	558,800	662,200	770,000
Commercial		-	8,600	25,800	43,000	60,200	77,400	94,600	111,800	129,000	146,200
Institutional		-	-	-	-	-	-	-	-	-	-
Agricultural		-	-	-	-	-	-	-	-	-	-
Industrial		-	150,000	450,000	750,000	1,050,000	1,350,000	1,650,000	1,950,000	2,250,000	2,550,000
<b>Total Volumes</b>		<b>14,300</b>	<b>213,600</b>	<b>592,400</b>	<b>984,400</b>	<b>1,385,200</b>	<b>1,792,600</b>	<b>2,204,400</b>	<b>2,620,600</b>	<b>3,041,200</b>	<b>3,466,200</b>

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

Total Capital Costs	<u>Year 10</u>
---------------------	----------------

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement											

Closing Rate Base (net of proposed Section 36.2 funding)	<u>Year 10</u>
--	----------------

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 5,383,250

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 96,129

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 12.67

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	3,012	21,182	38,194	40,974	42,828	44,217	45,144	46,071	46,997	47,924	\$ 376,544
SES Revenue		3,289	45,839	87,124	90,160	92,184	93,702	94,714	95,726	96,738	97,750	797,226
Total Distribution Charge	\$	<u>6,301</u>	<u>67,021</u>	<u>125,318</u>	<u>131,134</u>	<u>135,012</u>	<u>137,919</u>	<u>139,858</u>	<u>141,797</u>	<u>143,735</u>	<u>145,674</u>	<u>\$ 1,173,770</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	██████████
System Expansion Surcharge (SES) Revenue	██████████
Total Revenue (A)	██████████
Expenses:	
O&M Expense	██████████
Municipal Tax	██████████
Income Tax	██████████
Total Expenses (B)	██████████
Total Cash Inflow (C = A + B)	██████████
<u>Cash Outflow</u>	
Gross Capital	██████████
Proposed Section 36.2 Funding	██████████
Change in Working Capital	██████████
Total Cash Outflow (D)	██████████
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	██████████
System Expansion Surcharge (SES) Revenue	██████████
Total Revenue (A)	██████████
Expenses:	
O&M Expense	██████████
Municipal Tax	██████████
Income Tax	██████████
Total Expenses (B)	██████████
Total Cash Inflow (C = A + B)	██████████
<u>Cash Outflow</u>	
Gross Capital	██████████
Change in Working Capital	██████████
Total Cash Outflow (D)	██████████
Profitability Index (PI) Without Section 36.2 Funding (C / D)	██████████

**Schedule 8E-3**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - Madsen**

Section 3.4 Red Lake (Madsen)

Total Forecasted Customers 56 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	12	21%	\$ 5,000	\$ 2,787	\$ 1,460	\$ 1,328	\$ 15,614	6.6	-2.4	77	(29)
Electricity F/A	5	9%	\$ 5,000	\$ 1,998	\$ 1,460	\$ 538	\$ 2,714	0.5	3.6	3	18
Electricity Baseboard	7	12%	\$ 12,000	\$ 1,998	\$ 1,460	\$ 538	\$ 3,619	0.5	3.6	4	24
Propane	25	44%	\$ 600	\$ 1,611	\$ 1,460	\$ 152	\$ 3,743	5.1	-1.0	126	(24)
Wood	5	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	3	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>56</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,838</b>	<b>\$ 2,557</b>	<b>\$ 25,689</b>	<b>12.7</b>	<b>3.8</b>	<b>209</b>	<b>(11)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)				
Consumption Equivalent			Price per Unit	
Gas	m3	2200	Gas (incl. fixed)	\$/m3 0.663
Heating oil	L	2397	Heating oil	\$/L 1.163
Electricity	kWh	17778	Electricity	\$/kWh 0.112
Propane	L	3309	Propane	\$/L 0.487

Notes:

Gas prices correspond to EGI (Union Gas Northwest) April 2020 rates, including 23 cents per m3 SES charge.

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 8E-4**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - Madsen**



**Schedule 8E-6**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - Madsen**

**EB-2011-0042**

**Certificate of Public Convenience and Necessity**

The Ontario Energy Board hereby grants

**Union Gas Limited**

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

**Corporation of the Municipality of Red Lake**

**DATED** at Toronto, July 25, 2011

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**Schedule 8F**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - McKenzie Island**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">Red Lake (McKenzie Island) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>

**Part III – Description of and Support for Project**

3.1  
Redacted

**Provide a general overview of the project, which is to include the following: communities to be connected, including whether the project would serve any on-reserve Indigenous communities; existing population of each community by residential, commercial/institutional and industrial sectors; routing; length of pipeline; and nominal pipe size.**

Enbridge Gas is proposing to expand the gas distribution service within the Municipality of Red Lake to the community of McKenzie Island. The proposed facilities will provide access to natural gas to a forecasted 40 customers (38 residential and 2 commercial / institutional).

The proposed project will tie-in to an existing 4” polyethylene pipe in the community of Cochenour along \_\_\_\_\_. The proposed distribution system will cross the river to McKenzie Island to include \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.

The approximate length and size of the distribution pipelines required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	2	2,350

The approximate length and size of the supply laterals required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	4	1,040

Please refer to Schedule 8F-1 for Project Map.

3.2

**Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.**

Please refer to Schedule 8F-2, Table 3.2.

3.3	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 8F-2, Table 3.3.</p>
3.4	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 8F-3, Table 3.4.</p>
3.5	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 8F-4 for Proposed Construction Schedule.</p>
3.6	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>No letter of support has been provided by the local government in time for this project submission.</p>

3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 8F-6 for Enbridge’s CPCN for the Municipality of Red Lake (EB-2011-0042) which covers the entire area of the proposed project.</p>
<p><b>Part IV – Cost of Project</b></p>	
4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>
4.2	<p><b>Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).</b></p> <p><b>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</b></p> <p><b>For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.</b></p> <p><b>Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.</b></p> <p>Please refer to Schedule 8F-2, Table 4.2.</p>

4.3	<p><b>Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&amp;A costs) and rate base amount at the end of year ten.</b></p> <p><b>Complete the tables below:</b></p> <p><b>Revenue Requirement</b></p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 1</th> <th>Year 2...</th> <th>Year 10</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Revenue Requirement</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Description</th> <th>Year 10</th> </tr> </thead> <tbody> <tr> <td>Closing Rate Base</td> <td></td> </tr> </tbody> </table> <p>Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).</p> <p>Please refer to Schedule 8F-2, Table 4.3.</p>	Description	Year 1	Year 2...	Year 10	Total	Revenue Requirement					Description	Year 10	Closing Rate Base	
Description	Year 1	Year 2...	Year 10	Total											
Revenue Requirement															
Description	Year 10														
Closing Rate Base															

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$1,774,230</p> <p>Please refer to Schedule 8F-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$44,356</p> <p>Please refer to Schedule 8F-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$19.78</p> <p>Please refer to Schedule 8F-2, Table 5.3.</p>

<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 8F-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 8F-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 8F-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 8F-4.</p>

**Schedule 8F-1**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - McKenzie Island**

# Red Lake – McKenzie Island



**Schedule 8F-2**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - McKenzie Island**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		12	9	6	3	3	1	1	1	1	1	38
Commercial	Firm		-	2	-	-	-	-	-	-	-	-	2
Institutional	Firm		-	-	-	-	-	-	-	-	-	-	-
Agricultural	Firm		-	-	-	-	-	-	-	-	-	-	-
Industrial	Firm		-	-	-	-	-	-	-	-	-	-	-
Total Customers			<u>12</u>	<u>11</u>	<u>6</u>	<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>40</u>
Cumulative Customers			12	23	29	32	35	36	37	38	39	40	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>						<u>Total</u>
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	
Residential		13,200	36,300	52,800	62,700	69,300	73,700	75,900	78,100	80,300	82,500	624,800
Commercial		-	3,600	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200	61,200
Institutional		-	-	-	-	-	-	-	-	-	-	-
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Industrial		-	-	-	-	-	-	-	-	-	-	-
Total Volumes		<u>13,200</u>	<u>39,900</u>	<u>60,000</u>	<u>69,900</u>	<u>76,500</u>	<u>80,900</u>	<u>83,100</u>	<u>85,300</u>	<u>87,500</u>	<u>89,700</u>	<u>686,000</u>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
Residential		13,200	49,500	102,300	165,000	234,300	308,000	383,900	462,000	542,300	624,800
Commercial		-	3,600	10,800	18,000	25,200	32,400	39,600	46,800	54,000	61,200
Institutional		-	-	-	-	-	-	-	-	-	-
Agricultural		-	-	-	-	-	-	-	-	-	-
Industrial		-	-	-	-	-	-	-	-	-	-
Total Volumes		<u>13,200</u>	<u>53,100</u>	<u>113,100</u>	<u>183,000</u>	<u>259,500</u>	<u>340,400</u>	<u>423,500</u>	<u>508,800</u>	<u>596,300</u>	<u>686,000</u>

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	[REDACTED]

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement		[REDACTED]										

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	[REDACTED]

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 1,774,230

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 44,356

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 19.78

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	2,780	8,232	12,294	14,379	15,769	16,696	17,159	17,622	18,086	18,549	\$ 141,566
SES Revenue		3,036	9,177	13,800	16,077	17,595	18,607	19,113	19,619	20,125	20,631	157,780
Total Distribution Charge	\$	<u>5,816</u>	<u>17,409</u>	<u>26,094</u>	<u>30,456</u>	<u>33,364</u>	<u>35,303</u>	<u>36,272</u>	<u>37,241</u>	<u>38,211</u>	<u>39,180</u>	<u>\$ 299,346</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	[REDACTED]
System Expansion Surcharge (SES) Revenue	[REDACTED]
Total Revenue (A)	[REDACTED]
Expenses:	
O&M Expense	[REDACTED]
Municipal Tax	[REDACTED]
Income Tax	[REDACTED]
Total Expenses (B)	[REDACTED]
Total Cash Inflow (C = A + B)	[REDACTED]
<u>Cash Outflow</u>	
Gross Capital	[REDACTED]
Change in Working Capital	[REDACTED]
Total Cash Outflow (D)	[REDACTED]
Profitability Index (PI) Without Section 36.2 Funding (C / D)	[REDACTED]

**Schedule 8F-3**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - McKenzie Island**

Section 3.4 Red Lake (McKenzie Island)

Total Forecasted Customers 40 Penetration Rate 66%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	8	21%	\$ 5,000	\$ 2,787	\$ 1,460	\$ 1,328	\$ 11,153	6.6	-2.4	55	(20)
Electricity F/A	4	9%	\$ 5,000	\$ 1,998	\$ 1,460	\$ 538	\$ 1,939	0.5	3.6	2	13
Electricity Baseboard	5	12%	\$ 12,000	\$ 1,998	\$ 1,460	\$ 538	\$ 2,585	0.5	3.6	3	17
Propane	18	44%	\$ 600	\$ 1,611	\$ 1,460	\$ 152	\$ 2,673	5.1	-1.0	90	(17)
Wood	4	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	2	5%	\$ 5,000	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>40</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,838</b>	<b>\$ 2,557</b>	<b>\$ 18,350</b>	<b>12.7</b>	<b>3.8</b>	<b>149</b>	<b>(8)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.663
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas Northwest) April 2020 rates, including 23 cents per m3 SES charge.

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 8F-4**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - McKenzie Island**



**Schedule 8F-6**  
**Enbridge Gas Community Expansion Project Proposal**

**Red Lake - McKenzie Island**

**EB-2011-0042**

**Certificate of Public Convenience and Necessity**

The Ontario Energy Board hereby grants

**Union Gas Limited**

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

**Corporation of the Municipality of Red Lake**

**DATED** at Toronto, July 25, 2011

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**Schedule 8G**  
**Enbridge Gas Community Expansion Project Proposal**  
**River Valley (West Nipissing)**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">River Valley (West Nipissing) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>

**Part III – Description of and Support for Project**

3.1  
Redacted

**Provide a general overview of the project, which is to include the following: communities to be connected, including whether the project would serve any on-reserve Indigenous communities; existing population of each community by residential, commercial/institutional and industrial sectors; routing; length of pipeline; and nominal pipe size.**

Enbridge Gas is proposing to expand the gas distribution service within the Municipality of West Nipissing to the community of River Valley. The proposed facilities will provide access to natural gas to a forecasted 49 customers (44 residential and 5 commercial / institutional).

The proposed project will tie-in to an existing 12” steel pipe near the intersection of \_\_\_\_\_ and \_\_\_\_\_, \_\_\_\_\_ of River Valley. The proposed distribution system will extend \_\_\_\_\_ to provide service throughout the community of River Valley as far \_\_\_\_\_.

A new distribution station will be required to accommodate additional loads.

The approximate length and size of the distribution pipelines required:

Pipe Type	Diameter (NPS)	Length (m)
Polyethylene	2	5,702

Please refer to Schedule 8G-1 for Project Map.

3.2

**Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.**

Please refer to Schedule 8G-2, Table 3.2.

3.3

**Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.**

**For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.**

Please refer to Schedule 8G-2, Table 3.3.

<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 8G-3, Table 3.4.</p>
<p>3.5</p>	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 8G-4 for Proposed Construction Schedule.</p>
<p>3.6</p>	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>No letter of support has been provided by the local government in time for this project submission.</p>
<p>3.7</p>	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 8G-6 for Enbridge’s CPCN for the Municipality of West Nipissing (RP-2002-0119 / EB-2002-0344) which covers the entire area of the proposed project.</p>

**Part IV – Cost of Project**

4.1 **Confirm that the proposed project includes a ten-year rate stability period.**  
 The proposed project does include a ten-year rate stability period.

4.2 **Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).**

Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).

For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.

Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility's proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent's project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.

Please refer to Schedule 8G-2, Table 4.2.

4.3 **Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&A costs) and rate base amount at the end of year ten.**

Complete the tables below:

**Revenue Requirement**

Description	Year 1	Year 2...	Year 10	Total
Revenue Requirement				

Description	Year 10
Closing Rate Base	

Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).

Please refer to Schedule 8G-2, Table 4.3.

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$2,444,632</p> <p>Please refer to Schedule 8G-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$49,890</p> <p>Please refer to Schedule 8G-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$20.84</p> <p>Please refer to Schedule 8G-2, Table 5.3.</p>

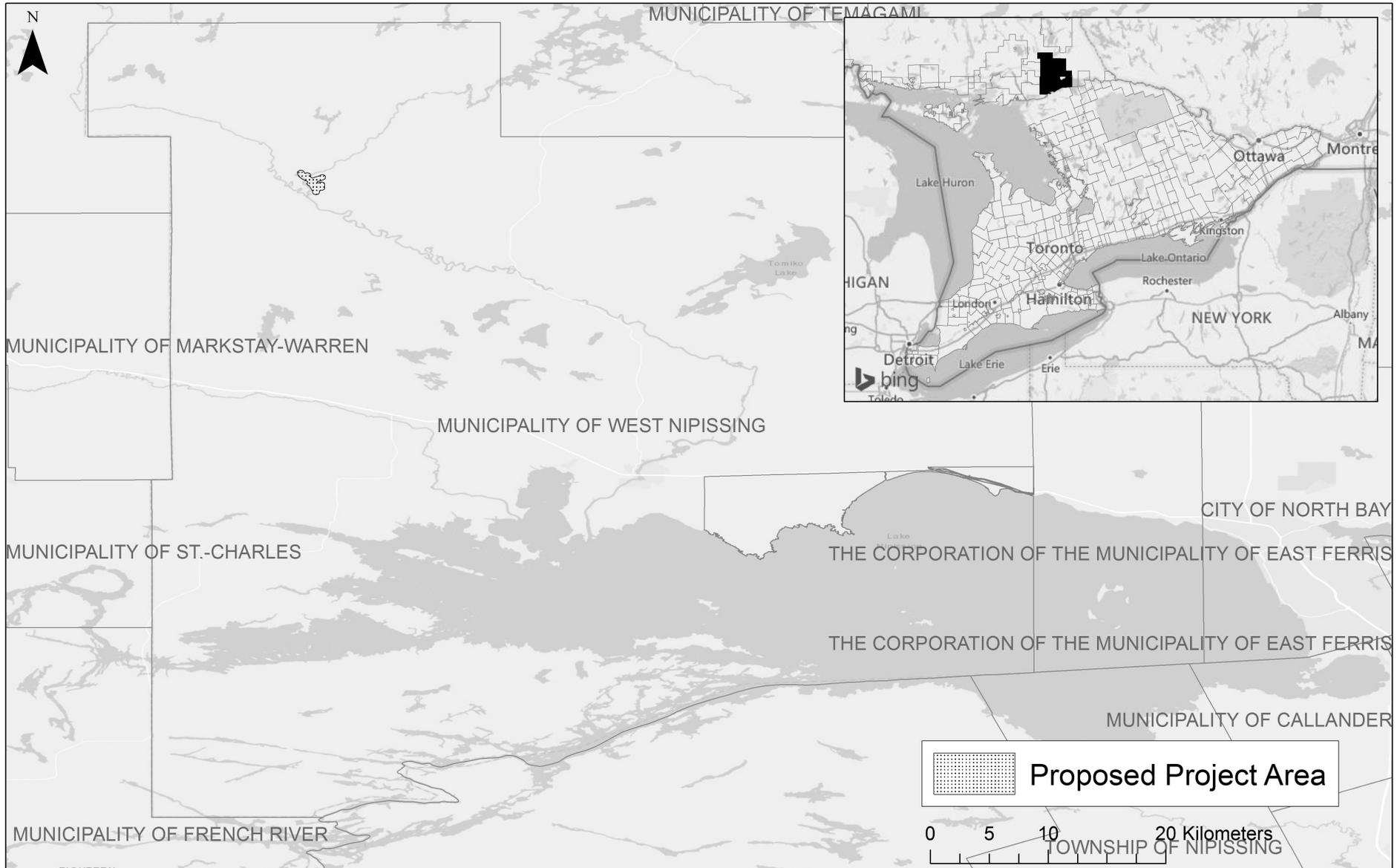
<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 8G-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 8G-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 8G-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 8G-4.</p>

**Schedule 8G-1**  
**Enbridge Gas Community Expansion Project Proposal**  
**River Valley (West Nipissing)**

# River Valley



**Schedule 8G-2**  
**Enbridge Gas Community Expansion Project Proposal**  
**River Valley (West Nipissing)**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		15	11	7	3	3	1	1	1	1	1	44
Commercial	Firm		-	4	1	-	-	-	-	-	-	-	5
Institutional	Firm		-	-	-	-	-	-	-	-	-	-	-
Agricultural	Firm		-	-	-	-	-	-	-	-	-	-	-
Industrial	Firm		-	-	-	-	-	-	-	-	-	-	-
Total Customers			<u>15</u>	<u>15</u>	<u>8</u>	<u>3</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>49</u>
Cumulative Customers			15	30	38	41	44	45	46	47	48	49	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>						<u>Total</u>
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	
Residential		16,500	45,100	64,900	75,900	82,500	86,900	89,100	91,300	93,500	95,700	741,400
Commercial		-	9,700	20,500	21,600	21,600	21,600	21,600	21,600	21,600	21,600	181,400
Institutional		-	-	-	-	-	-	-	-	-	-	-
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Industrial		-	-	-	-	-	-	-	-	-	-	-
Total Volumes		<u>16,500</u>	<u>54,800</u>	<u>85,400</u>	<u>97,500</u>	<u>104,100</u>	<u>108,500</u>	<u>110,700</u>	<u>112,900</u>	<u>115,100</u>	<u>117,300</u>	<u>922,800</u>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>						
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	
Residential		16,500	61,600	126,500	202,400	284,900	371,800	460,900	552,200	645,700	741,400	
Commercial		-	9,700	30,200	51,800	73,400	95,000	116,600	138,200	159,800	181,400	
Institutional		-	-	-	-	-	-	-	-	-	-	
Agricultural		-	-	-	-	-	-	-	-	-	-	
Industrial		-	-	-	-	-	-	-	-	-	-	
Total Volumes		<u>16,500</u>	<u>71,300</u>	<u>156,700</u>	<u>254,200</u>	<u>358,300</u>	<u>466,800</u>	<u>577,500</u>	<u>690,400</u>	<u>805,500</u>	<u>922,800</u>	

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 2,444,632

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 49,890

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 20.84

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	3,475	10,885	16,673	19,221	20,611	21,538	22,001	22,465	22,928	23,391	\$ 183,189
SES Revenue		3,795	12,604	19,642	22,425	23,943	24,955	25,461	25,967	26,473	26,979	212,244
Total Distribution Charge	\$	<u>7,270</u>	<u>23,489</u>	<u>36,315</u>	<u>41,646</u>	<u>44,554</u>	<u>46,493</u>	<u>47,462</u>	<u>48,432</u>	<u>49,401</u>	<u>50,370</u>	<u>\$ 395,433</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	██████████
System Expansion Surcharge (SES) Revenue	██████████
Total Revenue (A)	██████████
Expenses:	
O&M Expense	██████████
Municipal Tax	██████████
Income Tax	██████████
Total Expenses (B)	██████████
Total Cash Inflow (C = A + B)	██████████
<u>Cash Outflow</u>	
Gross Capital	██████████
Change in Working Capital	██████████
Total Cash Outflow (D)	██████████
Profitability Index (PI) Without Section 36.2 Funding (C / D)	██████████

**Schedule 8G-3**  
**Enbridge Gas Community Expansion Project Proposal**  
**River Valley (West Nipissing)**

Section 3.4 River Valley (West Nipissing)

Total Forecasted Customers 49 Penetration Rate 66%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	10	21%	\$ 5,000	\$ 2,787	\$ 1,495	\$ 1,292	\$ 13,296	6.6	-2.4	67	(25)
Electricity F/A	4	9%	\$ 5,000	\$ 1,998	\$ 1,495	\$ 503	\$ 2,218	0.5	3.6	2	16
Electricity Baseboard	6	12%	\$ 12,000	\$ 1,998	\$ 1,495	\$ 503	\$ 2,957	0.5	3.6	3	21
Propane	22	44%	\$ 600	\$ 1,611	\$ 1,495	\$ 116	\$ 2,507	5.1	-1.0	110	(21)
Wood	4	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	2	5%	\$ 5,000	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>49</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,981</b>	<b>\$ 2,414</b>	<b>\$ 20,977</b>	<b>12.7</b>	<b>3.8</b>	<b>183</b>	<b>(9)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355	tonnes/m3
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388	tonnes/L
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784	tonnes/L
Electricity	30 g/kWh	-	-	0.00003	tonnes/kWh
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.680
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas North East) April 2020 rates, including 23 cents per m3 SES charge

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 8G-4**  
**Enbridge Gas Community Expansion Project Proposal**  
**River Valley (West Nipissing)**



**Schedule 8G-6**  
**Enbridge Gas Community Expansion Project Proposal**  
**River Valley (West Nipissing)**



**RP-2002-0119**  
**EB-2002-0333**  
**EB-2002-0344**

**IN THE MATTER OF** the *Municipal Franchises Act*,  
R.S.O.1990, c. M.55, as amended;

**AND IN THE MATTER OF** an application by Union Gas Limited for an order approving the terms and conditions upon which the Corporation of the Municipality of West Nipissing is by by-law to grant Union Gas Limited the right to construct and operate works for the distribution of gas; the right to extend and add to the works; and the period for which such rights are granted;

**AND IN THE MATTER OF** an application by Union Gas Limited for an order dispensing with the assent of the municipal electors of the Municipality of West Nipissing to the by-law;

**AND IN THE MATTER OF** an application by Union Gas Limited for an order cancelling and replacing the existing Certificates of Public Convenience and Necessity with a single Certificate of Public Convenience and Necessity for the Corporation of the Municipality of West Nipissing.

**BEFORE:** Malcolm Jackson  
Presiding Member

Ken McCann  
Member

### **DECISION AND ORDER**

Union Gas Limited (“Union”) filed an application, dated March 22, 2002, (the “Application”) with the Ontario Energy Board (the “Board”) under the *Municipal Franchises Act*, R.S.O. 1990, c. M.55, as amended, for an order of the Board approving

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the terms and conditions upon which and the period for which the Corporation of the Municipality of West Nipissing (the "Corporation"), is by by-law to grant to Union the right to construct and operate works for the distribution of gas, and to extend and add to the works in the Municipality of West Nipissing (the "Municipality"). The Board assigned File No. RP-2002-0119/EB-2002-0333 to this Application.

Union Gas Limited also applied for an order of the Board cancelling the existing Certificates of Public Convenience and Necessity and replacing them with a new Certificate of Public Convenience and Necessity which would include the area of the former municipalities which are now part of the Municipality of West Nipissing (the "Certificate Application"). The Board has assigned File No. RP-2002-0119/EB-2002-0344 to this Certificate Application.

Union also submitted a resolution, passed by the Council for the Corporation, approving the form of draft by-law (the "By-law"), authorizing the franchise agreement between Union and the Corporation (the "Franchise Agreement"), and requesting the Board to declare and direct, pursuant to subsection 9(4) of the Act, that the assent of the municipal electors to the By-law is not necessary.

The Board's Notice of Application was published on May 22, 2002. There were no intervenors. On September 20, 2002 the Board issued a Notice of Written Hearing. No party satisfied the Board that there was a good reason for not holding a written hearing.

Union is presently serving the Municipality and has Certificates of Public Convenience and Necessity (E.B.C. 115 Township of Caldwell, E.B.C. 240 Town of Cache Bay, F.B.C. 257 Town of Sturgeon Falls, E.B.C. 23 Township of Springer) for the Municipality. Union does not have a Certificate of Public Convenience and Necessity for that portion of the Municipality formerly known as the Township of Field nor for the portion of the Municipality formerly known as the unorganized Townships of Bertram, Latchford, Falconer, Loudon, Macpherson, Beaucage, Pedley, Kirkpatrick, Grant, Badgerow, Dana, McWilliams, Crerar, Gibbons, Bastedo, Fell, Hugel and part of Janes.

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Effective January 1, 1999 the Township of Caldwell, the Town of Cache Bay, the Town of Sturgeon Falls, the Township of Springer and the Township of Field were amalgamated, and the unorganized Townships of Bertram, Latchford, Falconer, Loudon, Macpherson, Beaucage, Pedley, Kirkpatrick, Grant, Badgerow, Dana, McWilliams, Crerar, Gibbons, Bastedo, Fell, Hugel and part of Janes were annexed to form the Municipality of West Nipissing. The Board also notes that the Franchise Agreement is in the form of the 2000 Model Franchise Agreement approved by the Board as a standard form of franchise agreement.

The Board finds that, based on the evidence, granting the Applications is in the public interest.

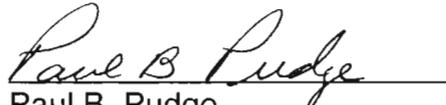
**THE BOARD THEREFORE ORDERS THAT:**

1. The terms and conditions upon which, and the period for which, the Corporation of the Municipality of West Nipissing is, by by-law, to grant to Union Gas Limited the right to construct and operate works for the distribution of gas, and the right to extend and add to the works, as set out in the Franchise Agreement attached as Appendix A, are approved.
2. The assent of the municipal electors of the Municipality of West Nipissing to the By-law is not necessary.
3. The existing Certificates of Public Convenience and Necessity for the former municipalities of Township of Caldwell (E.B.C. 115 ), Town of Cache Bay (E.B.C. 240), Town of Sturgeon Falls (F.B.C. 257), Township of Springer (E.B.C. 23) are cancelled and replaced with a single Certificate of Public Convenience and Necessity for the amalgamated Municipality of West Nipissing (EB-2002-0344).

- 4 -

**DATED** at Toronto November 5, 2002

ONTARIO ENERGY BOARD

  
Paul B. Pudge  
Board Secretary

**Schedule 8H**  
**Enbridge Gas Community Expansion Project Proposal**

**Rosseau (Township of Seguin)**

**Enbridge Gas Inc.  
 Potential Projects to Expand Access to Natural Gas Distribution**

<b>Part I – Name of Proponent</b>	
Name of Proponent: Enbridge Gas Inc.	File No: EB-2019-0255
Project Name: <a href="#">Rosseau (Township of Seguin) Community Expansion Project</a>	
Address of Head Office: 50 Keil Drive North Chatham, ON N7M 5M1	Telephone Number: 519-436-4600
Name of Individual to Contact:  Patrick McMahon	Office Telephone Number: 519-436-5325
	Cell Phone Number: 519-437-0759
	Email Address: <a href="mailto:patrick.mcmahon@enbridge.com">patrick.mcmahon@enbridge.com</a>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>
<i>Natural gas distributors that are currently rate-regulated by the OEB are not required to complete this Part.</i>
<i>A proponent that is not currently rate-regulated as a natural gas distributor by the OEB and that has multiple proposed projects is only required to provide the information in this Part once, unless the proponent has different organizational or financial structure approaches for its projects. In that case, the information in this Part must be provided for each different organizational or financing structure.</i>

<b>Part II – Description of Proponent’s Technical Expertise and Financial Capability</b>	
2.1	<p><b>Describe the proponent’s technical expertise to develop, construct, operate and maintain a natural gas distribution system.</b></p> <p>N/A</p>
2.2	<p><b>Describe the proponent’s financial capability to develop, construct, operate and maintain a natural gas distribution system, and provide the following:</b></p> <ul style="list-style-type: none"> <li>• <b>Current credit rating of the proponent, its parent or associated companies.</b></li> <li>• <b>Financial statements for each of the past two fiscal years. This may include audited financial statements, annual reports, prospectuses or other such information. If the proponent does not have financial statements (because it is a new entrant), the proponent is instead to provide pro forma financial statements for two years along with notes or business plans explaining the assumptions used in preparing the pro forma statements, where the documents must be signed by at least one key individual.</b></li> <li>• <b>If the proponent needs to raise additional debt or equity to finance the proposed project, evidence of the proponent’s ability to access the debt and equity markets.</b></li> </ul> <p><b>New entrants that cannot provide the information identified in this section should explain why that is the case and provide the best information that they have available.</b></p> <p>N/A</p>



<p>3.2</p>	<p><b>Provide the annual and cumulative forecast of the number of customer attachments over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community. Indicate for each customer type whether the service to be provided would be firm or interruptible.</b></p> <p>Please refer to Schedule 8H-2, Table 3.2.</p>
<p>3.3</p>	<p><b>Provide the annual and cumulative forecast of volumes (in m<sup>3</sup>) over the ten-year rate stability period by residential, commercial/institutional and industrial sectors for each community.</b></p> <p><b>For the residential segment, the default value for the average consumption level is 2,200 m<sup>3</sup> per year. A proponent that has more accurate information regarding the annual consumption for residential customers in a given community may use that value, in which case it must explain how it has determined that it is more accurate than the default.</b></p> <p>Please refer to Schedule 8H-2, Table 3.3.</p>
<p>3.4</p>	<p><b>Provide the estimated conversion costs to convert each of the existing heating systems (e.g., propane forced air, oil forced air, electric forced air and electric baseboard) and water-heating systems (e.g., electric, oil and propane) to natural gas. To the extent available, provide information on the current proportion of customers on each type of heating system.</b></p> <p><b>Provide the estimated annual costs of the existing alternative fuels relative to natural gas, including the annual savings with natural gas. The calculation of household energy costs for natural gas should include conversion costs, commodity costs, associated upstream transportation costs to Ontario, incremental CNG and LNG costs (where applicable), costs under the federal <i>Greenhouse Gas Pollution Pricing Act</i> and distribution costs. The assessment of household energy cost impacts should include greenhouse gas (GHG) emission estimates (whether positive or negative) related to converting existing heating and water heating systems to natural gas. The major assumptions (e.g., conversion factors) used in the calculations must also be provided.</b></p> <p>Please refer to Schedule 8H-3, Table 3.4.</p>

3.5	<p><b>Provide the proposed schedule for construction including the start date, all major milestones (with any phases) and the projected in-service date.</b></p> <p>Please refer to Schedule 8H-4 for Proposed Construction Schedule.</p>
3.6	<p><b>Provide letter(s) from the Band Council(s) and/or local government, as applicable, stating support for the project, including details of any commitment to financial support.</b></p> <p>No letter of support has been provided by the local government in time for this project submission.</p>
3.7	<p><b>Provide a copy of the Certificate of Public Convenience and Necessity (Certificate) for the area to be served, if held by the project proponent. If not, indicate whether another entity holds the Certificate for the area to be served, if known, and if so, identify the Certificate holder.</b></p> <p><b>Where the project proponent holds a Certificate for the areas to be served, specify the boundaries of the Certificate and indicate whether the boundaries encompass the entire area that would be supplied by the proposed project.</b></p> <p>Please refer to Schedule 8H-6 for Enbridge's CPCN for the Township of Seguin (EBC 286) which covers the entire area of the proposed project.</p>
<p><b>Part IV – Cost of Project</b></p>	
4.1	<p><b>Confirm that the proposed project includes a ten-year rate stability period.</b></p> <p>The proposed project does include a ten-year rate stability period.</p>

4.2

**Provide the total forecast of capital costs (including any forecast of upstream reinforcement costs) of the project at the end of the rate stability period (i.e., year ten).**

**Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).**

**For projects proposing to use CNG and/or LNG, the costs of required infrastructure and other associated costs must be included as part of the total project capital costs.**

**Include any upstream reinforcement costs in the total cost of the project. To the extent that the reinforcement costs for an incumbent utility’s proposed project are materially different from the reinforcement costs that the utility has estimated for another proponent’s project in the same area, the incumbent utility must identify in its filing that two separate estimates exist and explain the reasons for the differences.**

Please refer to Schedule 8H-2, Table 4.2.

4.3

**Provide the total annual forecast revenue requirement of the project over the ten-year rate stability period (using fully allocated OM&A costs) and rate base amount at the end of year ten.**

**Complete the tables below:**

**Revenue Requirement**

Description	Year 1	Year 2...	Year 10	Total
Revenue Requirement				

Description	Year 10
Closing Rate Base	

**Where applicable, the inflation rate to be used is the most recent quarter average GDP IPI FDD. For interest during construction, the proponent is to use the OEB-prescribed interest rate for construction work in progress (CWIP).**

Please refer to Schedule 8H-2, Table 4.3.

<b>Part V – Section 36.2 Funding</b>	
5.1	<p><b>Provide the total amount of section 36.2 funding needed to support the project.</b></p> <p>\$41,609,700</p> <p>Please refer to Schedule 8H-2, Table 5.1.</p>
5.2	<p><b>Provide the section 36.2 funding amount per customer number served in year ten of the project.</b></p> <p>\$170,532</p> <p>Please refer to Schedule 8H-2, Table 5.2.</p>
5.3	<p><b>Provide the section 36.2 funding amount per volume (m<sup>3</sup>) in year ten of the project.</b></p> <p>\$38.29</p> <p>Please refer to Schedule 8H-2, Table 5.3.</p>

<b>Part VI – Distribution Charge</b>	
6.1	<p><b>Provide the estimated amount that the proponent proposes to recover from residential customers on an annual basis (inclusive of any system expansion surcharge) in the form of an estimated annual distribution charge inclusive of fixed and variable charges over the rate stability period.</b></p> <p><b>Provide a confirmation that there would be no material cross-subsidization between rate classes.</b></p> <p>Please refer to Schedule 8H-2, Table 6.1.</p> <p>Enbridge Gas confirms that there will be no material cross-subsidization between rate classes.</p>

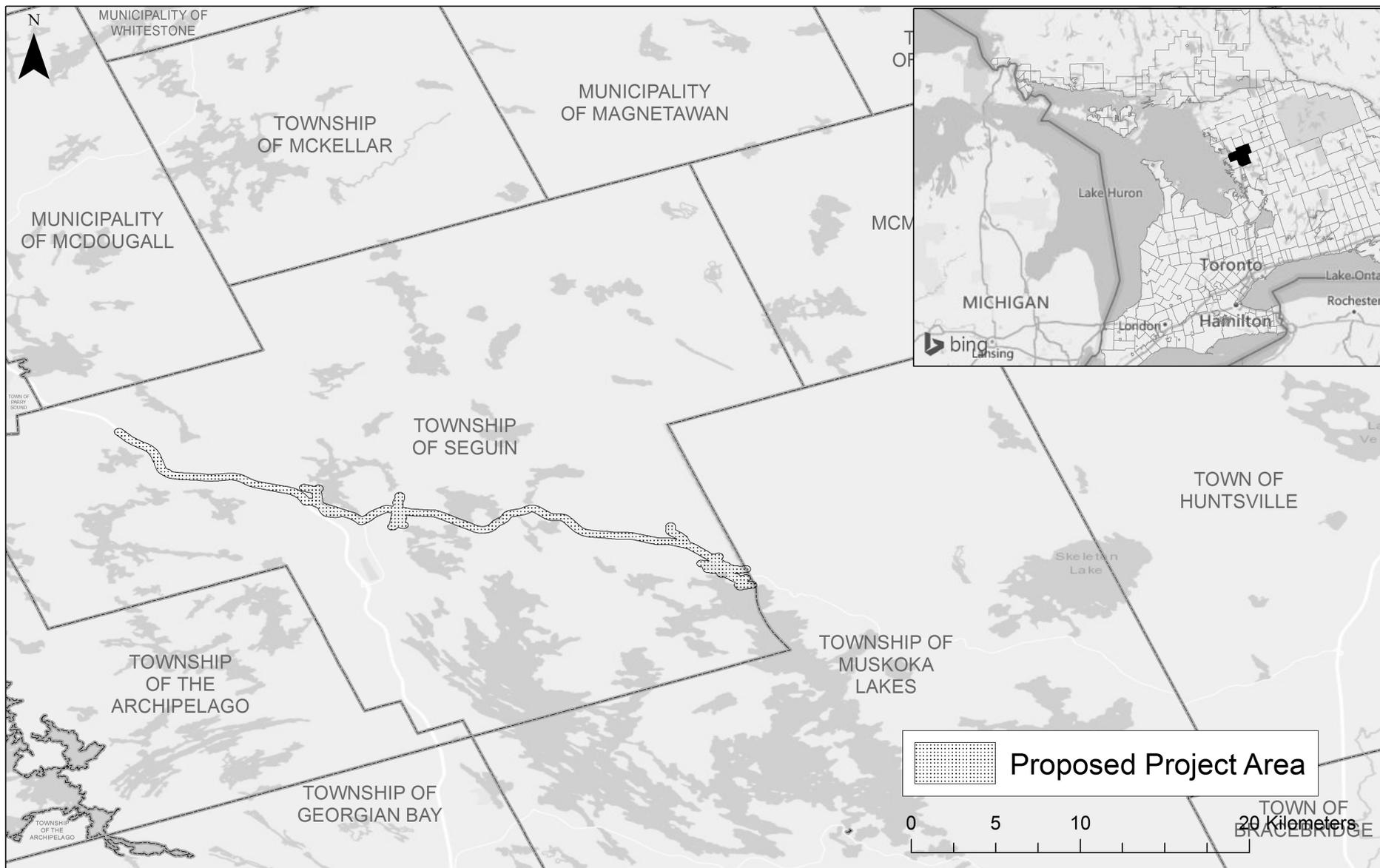
<b>Part VII – Profitability Index / Benefit to Cost Ratio</b>	
7.1	<p><b>Provide, in a summary table, the expected Profitability Index (PI) of the project, inclusive of the proposed section 36.2 funding. Provide any major assumptions used in the calculation, and specify all proposed section 36.2 funding, revenue from rates (including any proposed system expansion surcharges), capital contributions and municipal tax holidays or other municipal financial support.</b></p> <p><b>The project must have a PI of 1.0. The PI is to be calculated based on an individual project (i.e., not a “portfolio” of projects).</b></p> <p>Please refer to Schedule 8H-2, Table 7.1.</p>
7.2	<p><b>Provide, in a summary table that otherwise meets the requirements of section 7.1, the expected PI of the project without the proposed section 36.2 funding.</b></p> <p>Please refer to Schedule 8H-2, Table 7.2.</p>

<b>Part VIII – OEB Approvals</b>	
8.1	<p><b>Identify any OEB approvals that will be required for the project (Leave to Construct, Certificate of Public Convenience and Necessity, Municipal Franchise Agreement, Rate Order).</b></p> <ul style="list-style-type: none"> <li>• Leave to Construct</li> <li>• System Expansion Surcharge (SES) rate approval (subject to OEB determinations in the EB-2020-0094 harmonization proceeding)</li> </ul>
8.2	<p><b>For OEB approvals identified in section 8.1, provide a schedule for applying for them and the date by which each of these approvals is required to meet the proposed in-service date. For this purpose, proponents should reference the performance standards posted on the OEB’s <a href="#">website</a> and where applicable assume a written hearing process.</b></p> <p>Please refer to Schedule 8H-4.</p>

**Schedule 8H-1**  
**Enbridge Gas Community Expansion Project Proposal**

**Rosseau (Township of Seguin)**

# Rosseau - Township of Seguin



**Schedule 8H-2**  
**Enbridge Gas Community Expansion Project Proposal**

**Rosseau (Township of Seguin)**

**Table 3.2 - Customer Attachments Over The Rate Stability Period**

<u>Customer Type</u>	<u>Firm / IT</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Residential	Firm		62	47	31	16	16	6	6	6	6	6	202
Commercial	Firm		-	19	8	3	2	1	1	1	1	1	37
Institutional	Firm		-	-	-	-	-	-	-	-	-	-	-
Agricultural	Firm		-	-	-	-	-	-	-	-	-	-	-
Industrial	Firm		-	3	2	-	-	-	-	-	-	-	5
<b>Total Customers</b>			<b>62</b>	<b>69</b>	<b>41</b>	<b>19</b>	<b>18</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>244</b>
Cumulative Customers			62	131	172	191	209	216	223	230	237	244	

**Table 3.3 - Annual and Cumulative Volumes Over The Rate Stability Period (m3)**

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Annual Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		68,200	188,100	273,900	325,600	360,800	385,000	398,200	411,400	424,600	437,800	3,273,600
Commercial		-	40,700	103,300	129,900	136,800	140,100	142,300	144,500	146,700	148,900	1,133,200
Institutional		-	-	-	-	-	-	-	-	-	-	-
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Industrial		-	150,000	400,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	4,050,000
<b>Total Volumes</b>		<b>68,200</b>	<b>378,800</b>	<b>777,200</b>	<b>955,500</b>	<b>997,600</b>	<b>1,025,100</b>	<b>1,040,500</b>	<b>1,055,900</b>	<b>1,071,300</b>	<b>1,086,700</b>	<b>8,456,800</b>

<u>Customer Type</u>	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>Cumulative Volumes - m3</u>					<u>Total</u>	
						<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>		<u>10</u>
Residential		68,200	256,300	530,200	855,800	1,216,600	1,601,600	1,999,800	2,411,200	2,835,800	3,273,600	
Commercial		-	40,700	144,000	273,900	410,700	550,800	693,100	837,600	984,300	1,133,200	
Institutional		-	-	-	-	-	-	-	-	-	-	
Agricultural		-	-	-	-	-	-	-	-	-	-	
Industrial		-	150,000	550,000	1,050,000	1,550,000	2,050,000	2,550,000	3,050,000	3,550,000	4,050,000	
<b>Total Volumes</b>		<b>68,200</b>	<b>447,000</b>	<b>1,224,200</b>	<b>2,179,700</b>	<b>3,177,300</b>	<b>4,202,400</b>	<b>5,242,900</b>	<b>6,298,800</b>	<b>7,370,100</b>	<b>8,456,800</b>	

**Table 4.2 - Total Capital Costs At End Of The Rate Stability Period**

	<u>Year 10</u>
Total Capital Costs	

**Table 4.3 - Revenue Requirement Over The Rate Stability Period**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Revenue Requirement												

	<u>Year 10</u>
Closing Rate Base (net of proposed Section 36.2 funding)	

**Table 5.1 - Total Amount of Section 36.2 Funding**

Section 36.2 Funding Needed to Support the Project \$ 41,609,700

**Table 5.2 - Section 36.2 Funding Amount Per Customer Served**

Section 36.2 Funding Amount Per Customer Served \$ Year 10  
 170,532

**Table 5.3 - Section 36.2 Funding Amount Per Volume (m3)**

Section 36.2 Funding Amount Per Year 10 Volume (m3) \$ Year 10  
 38.29

**Table 6.1 - Distribution Charge**

	<u>Project Year</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>Total</u>
Distribution Revenue	\$	14,363	57,188	103,453	125,783	134,479	140,270	143,513	146,757	150,000	153,243	\$ 1,169,049
SES Revenue		15,686	87,124	178,756	219,765	229,448	235,773	239,315	242,857	246,399	249,941	1,945,064
Total Distribution Charge	\$	<u>30,049</u>	<u>144,312</u>	<u>282,209</u>	<u>345,548</u>	<u>363,927</u>	<u>376,043</u>	<u>382,828</u>	<u>389,614</u>	<u>396,399</u>	<u>403,184</u>	<u>\$ 3,114,113</u>

**Table 7.1 - Profitability Index (PI) Inclusive of Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	
System Expansion Surcharge (SES) Revenue	
Total Revenue (A)	
Expenses:	
O&M Expense	
Municipal Tax	
Income Tax	
Total Expenses (B)	
Total Cash Inflow (C = A + B)	
<u>Cash Outflow</u>	
Gross Capital	
Proposed Section 36.2 Funding	
Change in Working Capital	
Total Cash Outflow (D)	
Profitability Index (PI) Inclusive of Section 36.2 Funding (C / D)	<u>1.00</u>

**Table 7.2 - Profitability Index (PI) Without Section 36.2 Funding**

	<u>Net Present Value</u>
<u>Cash Inflow</u>	
Revenue:	
Distribution Revenue	[REDACTED]
System Expansion Surcharge (SES) Revenue	[REDACTED]
Total Revenue (A)	[REDACTED]
Expenses:	
O&M Expense	[REDACTED]
Municipal Tax	[REDACTED]
Income Tax	[REDACTED]
Total Expenses (B)	[REDACTED]
Total Cash Inflow (C = A + B)	[REDACTED]
<u>Cash Outflow</u>	
Gross Capital	[REDACTED]
Change in Working Capital	[REDACTED]
Total Cash Outflow (D)	[REDACTED]
Profitability Index (PI) Without Section 36.2 Funding (C / D)	[REDACTED]

**Schedule 8H-3**  
**Enbridge Gas Community Expansion Project Proposal**

**Rosseau (Township of Seguin)**

Section 3.4 Rosseau (Township of Seguin)

Total Forecasted Customers 244 Penetration Rate 65%

Existing Fuel / Heating Type	Number of Customers	Current proportion of customer <sup>1</sup>	Estimated Conversion Cost <sup>2</sup>	Estimated Annual Energy Costs (existing fuel)	Estimated Annual Energy Costs (natural gas)	Estimated Annual Savings per customer	Estimated Annual Savings	Estimated Annual GHG per customer Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) per customer switching to natural gas (tCO2e)	Estimated Annual GHG - Total Community - Existing Fuel (tCO2e)	Estimated Annual GHG Change (increased GHG is +ve/decreased GHG is -ve) total community switching to natural gas (tCO2e)
Oil	51	21%	\$ 5,000	\$ 2,787	\$ 1,460	\$ 1,328	\$ 68,032	6.6	-2.4	336	(125)
Electricity F/A	22	9%	\$ 5,000	\$ 1,998	\$ 1,460	\$ 538	\$ 11,825	0.5	3.6	12	79
Electricity Baseboard	29	12%	\$ 12,000	\$ 1,998	\$ 1,460	\$ 538	\$ 15,767	0.5	3.6	16	105
Propane	107	44%	\$ 600	\$ 1,611	\$ 1,460	\$ 152	\$ 16,307	5.1	-1.0	548	(105)
Wood	22	9%	\$ 3,500	N/A	N/A	\$ -	N/A	N/A	N/A	N/A	N/A
Other	12	5%	\$ 5,000	N/A	N/A	\$ -	N/A				
<b>Total</b>	<b>244</b>	<b>100%</b>	<b>\$ 31,100</b>	<b>\$ 8,395</b>	<b>\$ 5,838</b>	<b>\$ 2,557</b>	<b>\$ 111,932</b>	<b>12.7</b>	<b>3.8</b>	<b>911</b>	<b>(46)</b>

<sup>1</sup> Fuel shares were estimated based on the average fuel share distribution observed in other potential expansion areas. Specifically, the fuel share distribution from 27 prospective expansion areas surveyed in 2018 and 2020 were averaged, with weights based number of homes in each area. Fuel percentages may not add up to 100% due to rounding error.

<sup>2</sup> Based on Market Research gathered information. All of the costs are installed costs, so the cost of new equipment + the cost of having it installed.

	Emission Factors				
	CO2	CH4	N2O	CO2e	Units
Natural Gas	1863 g/m3	0.037 g/m3	0.035 g/m3	0.001874355 tonnes/m3	
Heating Oil	2725 g/L	0.006 g/L	0.031 g/L	0.002734388 tonnes/L	
Propane	1510 g/L	0.024 g/L	0.108 g/L	0.001542784 tonnes/L	
Electricity	30 g/kWh	-	-	0.00003 tonnes/kWh	
Wood	-	-	-	-	-

Emission Factor Sources:

Natural gas, heating oil and propane CO2 factors: Guideline for Quantification, Reporting and Verification of GHG Emissions - Ontario Ministry of Environment, Conservation and Parks

Natural gas, heating oil and propane CH4 and N2O factors: Canada's Greenhouse Gas Quantification Requirements, December 2019 - Environment and Climate Change Canada

Electricity factors: 2020 National Inventory Report (Part 3) - Environment and Climate Change Canada (using 2018 consumption intensity for Ontario)

Estimated Annual GHG (tCO2e) = Emission Factors x Consumption Equivalent

Estimated Annual GHG Change (tCO2e) = Estimated Annual GHG For Natural Gas - Estimated Annual GHG For Existing Fuel (tCO2e)

Rate 01 (Community Expansion, Non-FN)					
Consumption Equivalent			Price per Unit		
Gas	m3	2200	Gas (incl. fixed)	\$/m3	0.663
Heating oil	L	2397	Heating oil	\$/L	1.163
Electricity	kWh	17778	Electricity	\$/kWh	0.112
Propane	L	3309	Propane	\$/L	0.487

Notes:

Gas prices correspond to EGI (Union Gas Northwest) April 2020 rates, including 23 cents per m3 SES charge.

Heating Oil Prices correspond to the latest available Toronto retail prices (February 2019)

Electricity prices correspond to Hydro One (Med Density - R1) distribution rates implemented January 1, 2020 and includes the new Ontario Electricity Rebate (OER)

The calculated annual savings vs electricity do not reflect the COVID-19 Emergency pricing which is effective for 45 days

Propane prices are currently unavailable for the Union North Rate zones.

Carbon price is included for all energy types as reported. All costs exclude HST.

**Schedule 8H-4**  
**Enbridge Gas Community Expansion Project Proposal**

**Rosseau (Township of Seguin)**



**Schedule 8H-6**  
**Enbridge Gas Community Expansion Project Proposal**

**Rosseau (Township of Seguin)**

**Ontario Energy  
Board**

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**Commission de l'Énergie  
de l'Ontario**

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**E.B.C. 286**

**IN THE MATTER OF** the Municipal Franchises  
Act, R.S.O. 1990, c. M.55, as amended;

**AND IN THE MATTER OF** an Application by  
Union Gas Limited for a certificate of public  
convenience and necessity to construct works to  
supply gas to the inhabitants of the Township of  
Seguin.

**BEFORE:** G. A. Dominy  
Presiding Member and Vice Chair

J. B. Simon  
Member

S. K. Halladay  
Member

**ORDER GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND  
NECESSITY**

Union Gas Limited (“Union”) filed with the Ontario Energy Board (“the Board”) an Application dated November 24, 1998, (“the Application”) under section 8 of the Municipal Franchises Act, R.S.O. 1990, c. M. 55, as amended, for a Certificate of Public Convenience and Necessity (“the Certificate”) to construct works to supply gas in the Township of Seguin in the District of Parry Sound. The Application was assigned file number E.B.C. 287.

Union served and published the Board’s Notice of Application. The Board issued Procedural Order No. 1 dated February 1, 1999. The hearing of the Application took place at the Jolly Roger Inn, south of Parry Sound in Seguin Township on April 20, 21 and 22, 1999

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in the presence of counsel for Union and Board Staff. The Board issued an oral Decision With Reasons at the Board's Offices in Toronto on April 27, 1999 in which the Board found the Application to be in the public interest and approved the granting of a certificate of public interest and necessity.

**THEREFORE THE BOARD ORDERS THAT:**

1. A Certificate of Public Convenience and Necessity is granted to Union to construct works to supply gas in the Township of Seguin.
2. If Union fails to substantially complete construction of the gas mains proposed in the Application within twenty-four months following the issuance of the Board's Certificate, the Certificate shall expire.
3. Union is directed to pay the Board's costs of and incidental to these proceedings immediately upon receipt of the Board's invoice.

**DATED** at Toronto May 18, 1999.

ONTARIO ENERGY BOARD



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Peter H. O'Dell  
Assistant Board Secretary