



Ontario
Energy
Board | Commission
de l'énergie
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BY EMAIL

November 23, 2020

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

Dear Ms. Long:

**Re: Enbridge Gas Inc.
Application for approval of a System Expansion Surcharge, Temporary
Connection Surcharge and Hourly Allocation Factor
OEB Staff Submission on Draft Rate Schedules
Ontario Energy Board File Number: EB-2020-0094**

In accordance with the Ontario Energy Board's Decision and Order for the above proceeding that was issued on November 5, 2020, please find attached the OEB staff submissions on Enbridge Gas Inc.'s draft rate schedules and feasibility policies. This document has been sent to Enbridge Gas Inc. and to all other registered parties to this proceeding.

Enbridge Gas Inc. is reminded that its reply submission is due by November 30, 2020, should it choose to file one.

Yours truly,

Azalyn Manzano
Advisor, Natural Gas

c. Applicant and intervenors
Encl.



OEB Staff Submission on Draft Rate Schedules

**Application for approval of a System Expansion
Surcharge, Temporary Connection Surcharge
and Hourly Allocation Factor**

Enbridge Gas Inc.

EB-2020-0094

November 23, 2020

INTRODUCTION

On May 8, 2020, Enbridge Gas Inc. (Enbridge Gas) filed an application with the Ontario Energy Board (OEB) seeking approvals for a harmonized System Expansion Surcharge (SES), a Temporary Connection Surcharge (TCS) and an Hourly Allocation Factor (HAF).

The OEB approved Enbridge Gas's application on November 5, 2020. In the Decision and Order, the OEB ordered Enbridge Gas to file a draft Rate Order including Rider I of the Rate Handbook for the EGD rate zone and Rate Schedules for Rates 01, 10, M1 and M2 for the Union rate zones to implement the SES and TCS, as well as Enbridge Gas Inc.'s revised feasibility policies to implement the HAF, SES and TCS for each of the EGD and Union rate zones. The information contained in the rate schedules were to be consistent across rate zones regarding the applicability, rate and maximum term.

On November 16, Enbridge Gas filed the draft Rate Order. Enbridge Gas also filed revised Conditions of Service for each of the EGD and Union rate zones to reflect the OEB's decision. Enbridge Gas stated that it would provide advance notice to applicable customers of the revised Conditions of Service as required by the OEB's *Gas Distribution Access Rule*.

OEB STAFF SUBMISSION

OEB staff submits that there are some inconsistencies with the OEB's Decision in certain sections of the draft Rate Order related to the TCS and Contribution in Aid of Construction (CIAC). The Decision states that "a CIAC cannot be charged in combination with the TCS".¹ Accordingly, OEB staff suggests the following revisions to ensure consistency with the OEB's Decision:

Rider I / SES and TCS additional terms and conditions:

- b) The Company may require payment of a CIAC ~~and~~ or apply the TCS for a term of up to 40 years, to be determined in accordance with the Company's feasibility policy

TCS section in the Rate Schedules for Rate 01 and M1:

The TCS is applicable to a customer who receives gas distribution services from the Company as part of a Small Main Extension or

¹ Decision and Order, p. 5

Customer Attachment Project in lieu of ~~or in addition to~~ paying a Contribution in Aid of Construction.

TCS section in the Rate Schedules for Rate 10 and M2:

The TCS is applicable to a customer who receives gas distribution services from the Company as part of a Small Main Extension or Customer Attachment Project in lieu of ~~or in addition to~~ paying a Contribution in Aid of Construction, at the customer's option.

Revised EGD Rate Zone Economic Feasibility Procedure and Policy:

~~37. If a project is not economically viable after applying 40 years of TCS, CIAC may be used to addition to the TCS to achieve a PI of 1.0.~~

Revised Union Rate Zones' Distribution New Business Guidelines:

2. Definitions:

- Temporary Connection Surcharge (TCS) – An economic contribution to financial feasibility of main extension projects made by small volume customers who attach to Small Main Extension or Customer Attachment Project through a temporary volumetric rate as set out in applicable rate schedules. The TCS is used as an alternative to CIAC to achieve a PI of 1.0, ~~or in addition to CIAC for a project to achieve a minimum PI of 1.0.~~

7. Collecting a Contribution

Projects that do not meet the minimum stage 1 economic criteria, after factoring in SES, ~~TCS~~ or long-term service agreements, where applicable, shall be required to pay a CIAC.

...For Small Main Extensions and Customer Attachment Projects, the Company may allow eligible customers to ~~reduce their CIAC through the use of the TCS~~ pay a TCS in lieu of a CIAC, and/or negotiate other contribution arrangements.

OEB staff also recommends that sections 4.1 Main Extensions (for the EGD rate zone) and 2.1 Main Extensions (for the Union rate zone) of the Conditions of Service be revised to clarify that small volume customers in TCS projects will not be allowed to pay a CIAC in lieu of a TCS, and that a CIAC cannot be charged in combination with the TCS.

OEB staff also submits that while the maximum term for each of the SES and TCS is included in Rider I, it does not form part of the Rate Schedules for Rates 01, 10, M1 and M2, which is not consistent with the OEB's Decision. OEB staff submits that the 40-year maximum term should be explicitly mentioned in the description of the surcharges (i.e. their applicability) contained in the Rate Schedules for the Union rate zones.

All of which is respectfully submitted.