



DECISION AND ORDER

EB-2020-0094

ENBRIDGE GAS INC.

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

BEFORE: **Susan Frank**
 Presiding Commissioner

Robert Dodds
Commissioner

December 4, 2020

INTRODUCTION AND SUMMARY

On May 8, 2020, Enbridge Gas Inc. (Enbridge Gas) filed an application with the Ontario Energy Board (OEB) under section 36 of the *Ontario Energy Board Act, 1998*, as amended (OEB Act) for approval of:

- A harmonized System Expansion Surcharge (SES)
- A Temporary Connection Surcharge (TCS)
- An Hourly Allocation Factor (HAF) across its rate zones
- Amendments to Rider I of the Rate Handbook for the EGD rate zone and Rate Schedules for Rates 01, 10, M1 and M2 for the Union rate zones to implement the SES and TCS
- Amendments to the Company's feasibility policies to implement the HAF, SES and TCS

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 OEB also provided an opportunity for OEB staff and intervenors to file submissions on the draft Rate Order and for Enbridge Gas to file a reply submission.

On November 16, 2020, Enbridge Gas filed the draft Rate Order and revised Conditions of Service for each of the EGD and Union rate zones to reflect the OEB's Decision and Order.

On November 23, 2020, OEB staff, VECC and Pollution Probe filed submissions. OEB staff submitted that the 40-year maximum term for the SES and the TCS should be explicitly mentioned in the Rate Schedules for the Union rate zones. OEB staff also suggested a number of revisions to the draft Rate Order and the Conditions of Service to ensure consistency with the OEB's Decision and Order that a Contribution In Aid of Construction (CIAC) cannot be charged in combination with the TCS. VECC supported OEB staff's submissions, and suggested that "and/or" in Rider I be replaced with "or alternatively" rather than "or" as suggested by OEB staff. Pollution Probe also supported the changes proposed by OEB staff, and suggested that the references to the feasibility policy in the Draft Rate Order either be removed or reference to point to the last OEB-approved version of Enbridge Gas's feasibility policy that applies, as it could be interpreted and applied as OEB approval of Enbridge Gas's feasibility policy.

On November 30, 2020, Enbridge Gas filed its reply submission and revised Rate Schedules for Rate 01, 10, M1 and M2 reflecting the 40-year maximum term for the SES and TCS. Enbridge Gas disagreed with the other changes suggested by OEB staff and supported by Pollution Probe and VECC. Enbridge Gas submitted that interpreting the OEB's finding as a blanket prohibition on charging a CIAC in combination with the TCS leads to two concerns that the OEB did not address in its findings and may be unintended.

First, Enbridge Gas noted that in cases where a 40-year TCS does not fully cover the contribution required from the customer to reach a profitability index of 1.0, some customers will be willing to pay a CIAC in addition to the TCS to receive natural gas service. Enbridge Gas submitted that these customers would suffer prejudice and should not be denied an opportunity to receive natural gas service if they are willing to pay the additional amount, and that allowing customers to pay a CIAC in this case is similar to applying a government grant and/or a municipal contribution to a Community Expansion project to which an SES applies.

Second, Enbridge Gas noted that, as stated in evidence, customers who require a service lateral in excess of the standard length¹ will be required to pay a CIAC in addition to the TCS. Enbridge Gas submitted that the effect of OEB staff's interpretation of the decision is that this service lateral CIAC either cannot be charged or would have to be somehow rolled into the TCS term calculation and subsidized by all customers for that project. Enbridge Gas submitted that it does not believe that this is what the OEB intended because there is no discussion of this issue and neither intervenors nor OEB staff objected to Enbridge Gas's proposed treatment of service laterals in excess of the standard length in evidence.

In response to Pollution Probe's submissions regarding its feasibility policies, Enbridge Gas also noted that it had complied with the OEB's Decision and Order to include Enbridge Gas's revised feasibility policies to implement the HAF, SES and TCS for each of the EGD and Union rate zones.

Findings

With respect to the concerns expressed by Enbridge Gas in their reply submission on the draft Rate Order, the OEB finds that allowing a CIAC for TCS residential customers in addition to the maximum term of the TCS in order to achieve a profitability index of

¹ The standard length of a service lateral is 20 metres in the EGD rate zone and 30 metres in the Union rate zones.

1.0 would be inconsistent with the treatment for SES customers who do not have that option. The OEB's decision to not allow a combination of TCS and CIAC was based on the desire to treat TCS and SES customers equally. The suggestion by Enbridge Gas that there is government support for SES customers is not universally applicable and it is likely for many of the communities with more than 50 customers there will be no government subsidy.

Enbridge Gas's second concern related to customers requiring service laterals that are in excess of the standard length. The approach to service laterals is covered in Enbridge Gas's conditions of service. For SES customers, there is a requirement for these customers to pay a CIAC if the service lateral exceeds the standard length. This requirement is not in the applicable rate schedules. Service laterals should not be part of the rate schedules pertaining to TCS either. The OEB was silent on service laterals and does not intend to modify its Decision and Order to cover this aspect of a connection. If required, a CIAC can be charged but there is to be no mention of the treatment of service laterals in excess of the standard length in the applicable rate schedules.

The OEB accepts OEB staff's suggested revisions as contained in their submission. The OEB requires Enbridge Gas to file a revised Draft Rate Order reflecting the findings in this Decision and Order.

ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas Inc. shall file a revised draft Rate Order that reflects the findings in this Decision and Order by **December 10, 2020**.
2. OEB staff will have the opportunity to submit comments on the draft Rate Order by **December 15, 2020**.
3. Enbridge Gas Inc. will have the opportunity to provide responses to comments received from OEB staff by **December 18, 2020**.

All materials filed with the OEB must quote the file number, **EB-2020-0094**, and be submitted in a searchable/unrestricted PDF format with a digital signature through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice>. Filings must clearly state the sender's name, postal address, telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at www.oeb.ca/industry. We encourage the use of RESS; however, parties who have not yet [set up an account](#), may email their documents to registrar@oeb.ca.

All communications should be directed to the attention of the Registrar and be received no later than 4:45 p.m. on the required date.

Email: registrar@oeb.ca

Tel: 1-888-632-6273 (Toll free)

Fax: 416-440-7656

DATED at Toronto December 4, 2020

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar