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**BY EMAIL**

January 12, 2021

Ms. Christine E. Long  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto ON M4P 1E4  
[registrar@oeb.ca](mailto:registrar@oeb.ca)

Dear Ms. Long:

**Re: EPCOR Natural Gas Limited Partnership  
Application to amend the certificate of public convenience and necessity  
for the Township of South-West Oxford  
OEB Staff Submission**

**Ontario Energy Board File Number: EB-2020-0232**

In accordance with Procedural Order No. 1, please find attached the OEB staff submission for the above proceeding. This document has been sent to EPCOR Natural Gas Limited Partnership and Enbridge Gas Inc.

EPCOR Natural Gas Limited Partnership is reminded that its reply submission is due by January 19, 2021.

Yours truly,

Catherine Nguyen  
Analyst, Natural Gas

Encl.



## **OEB Staff Submission**

**Application to amend the certificate of public  
convenience and necessity for the Township of  
South-West Oxford**

**EPCOR Natural Gas Limited Partnership**

**EB-2020-0232**

**January 12, 2021**

## Background

These are OEB staff's submissions on the application filed by EPCOR Natural Gas Limited Partnership (ENGLP) on October 29, 2020, under section 8 of the *Municipal Franchises Act*.

ENGLP is currently authorized to construct and operate works for the distribution, transmission and storage of natural gas and the right to extend and add to the works in certain portions of the Township of Southwest Oxford (Township).<sup>1</sup>

ENGLP now seeks an order of the OEB authorizing ENGLP to amend its existing certificate of public convenience and necessity (certificate) with the Township to include areas around Mount Elgin Road and McBeth Road (Mount Elgin-McBeth Areas).<sup>2</sup>

The utility that is currently authorized to serve the Mount Elgin-McBeth Areas is Enbridge Gas Inc. (Enbridge Gas).<sup>3</sup> Enbridge Gas is a party to this proceeding and has not contested ENGLP's application.

## Staff Submission

OEB staff has reviewed the record of this proceeding and, in the light of the evidence summarized below, does not have any concern with regard to the OEB approving the application.

1) *Local businesses in the Township have expressed interest for ENGLP to expand its natural gas service and ENGLP can provide service to these businesses economically.*

OEB staff submits that it is clear that Salford Group Inc. (Salford Group) and Burgessville Grain & Feed Inc. (Burgessville) desire to obtain natural gas service around the Mount Elgin-McBeth Areas. OEB staff agrees with the applicant and potential customers that the project provides these businesses with an option to connect to a natural gas distribution system that is not cost-prohibitive.

ENGLP received letters dated September 14, 2020 and September 17, 2020 from the Salford Group and Burgessville, respectively, requesting natural gas service.<sup>4</sup> Both letters stated that it would be more feasible for ENGLP to service Salford Group and

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<sup>1</sup> EB-2019-0232-A

<sup>2</sup> Application, p. 7

<sup>3</sup> EB-2019-0232-B

<sup>4</sup> Application, Appendix A

Burgessville, despite being located within Union Gas Limited's (now Enbridge Gas Inc.'s) service territory.<sup>5</sup> ENGLP stated that since both the Salford Group and Burgessville are located south of the Village of Salford where ENGLP currently has natural gas service, it would be more economical to provide service to its facility from the proposed McBeth Road and Mount Elgin Road expansion as requested in ENGLP's application.

ENGLP also received a letter of support dated September 16, 2020 from the Chief Administrative Officer of the Township expressing the importance of providing natural gas service to the Salford Group.<sup>6</sup>

ENGLP stated that expanding its natural services to cover the Mount Elgin- McBeth Areas would enable it to serve other farms and residential customers in addition to the Salford Group and Burgessville.<sup>7</sup> ENGLP stated that potential customers have reached out in the past to its staff requesting service in the area, but that it has not obtained written commitments or signed contracts with these other potential customers.<sup>8</sup>

In its interrogatory response, ENGLP noted that capital contributions have been calculated as a contribution in aid of construction (CIAC) based on known consumption for customers who have contacted ENGLP (Burgessville and the Salford Group).<sup>9</sup> ENGLP submits that the total CIAC for Burgessville has been calculated to be \$227,688 for the proposed pipeline on Mount Elgin Road.<sup>10</sup> ENGLP stated that the total CIAC for the Salford Group was calculated to be \$30,520 for the proposed pipeline on McBeth Road excluding any upsizing of the pipeline discussed below.<sup>11</sup>

In its interrogatory response, ENGLP proposed to increase the size of the pipeline servicing McBeth Road and to reinforce and extend it further back to Culloden Line after being contacted by the Salford Group to accommodate its future expansion plans.<sup>12</sup> ENGLP stated that the total CIAC for the Salford Group has been re-calculated to be \$219,698 for the new proposed pipeline on McBeth Road.<sup>13</sup>

OEB staff notes that each of Burgessville's and the Salford Group's CIACs is approximately half of the total capital costs for the portion of the pipeline expansion

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<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Application, p. 7

<sup>8</sup> ENGLP Response to OEB Staff-1(b)

<sup>9</sup> ENGLP Response to OEB Staff-2(a)

<sup>10</sup> Ibid.

<sup>11</sup> ENGLP Response to Enbridge Gas-1; OEB staff notes that in ENGLP's application, the total CIAC for the Salford Group for the 2-inch pipeline on McBeth Road was calculated to be \$30,664.

<sup>12</sup> ENGLP Responses to OEB Staff Interrogatories, Appendix

<sup>13</sup> ENGLP Response to Enbridge Gas-1

required to service their individual facilities.<sup>14</sup> OEB staff submits that it has no concerns with this, as the letters of support indicate that Burgessville and the Salford Group continue to support the project. ENGLP confirmed that both Burgessville and the Salford Group would still take service if their CIACs were not reduced in the event that additional customers are not attached.<sup>15</sup> However, OEB staff submits that it would be helpful to the OEB for the purposes of completing the record of this proceeding if, with its reply, ENGLP were to also provide confirmation of the Salford Group's acceptance of its new calculated CIAC for the proposed pipeline on McBeth Road.

ENGLP stated that if additional customers are connected to the proposed pipeline, their contribution would be calculated based on their prorated contribution to the asset capacity and rebates will be provided accordingly to the original payee<sup>16</sup>, until the time of rebasing after which costs would be added into the rate base<sup>17</sup>. However, ENGLP also stated that any capital contribution from its customers would be limited to portions of service pipeline exceeding 20 metres from the planned distribution mains.<sup>18</sup>

OEB staff submits that ENGLP should clarify whether these contributions are two separate amounts, and whether the other potential customers in the Mount Elgin and McBeth Areas (including the residential customers) may be required to pay two capital contributions, related to 1) the customer's proportion of the capacity of the relevant proposed pipeline, and 2) service pipeline lengths in excess of 20 metres; and, if so, to provide an estimate of how many residential customers would be required to pay two contributions, as well as the cost of the average contribution.

*2) ENGLP does not require leave to construct nor a new Municipal Franchise Agreement approval from the OEB in order to serve the Mount Elgin-McBeth Areas of the Township.*

OEB staff submits that, based on the specifications provided in the proceeding, the pipelines to be constructed by ENGLP in the Mount Elgin-McBeth Areas do not require prior leave to construct approval from the OEB, nor is ENGLP required to enter into a new Municipal Franchise Agreement with the municipality.

ENGLP stated that the pipelines to be used to service the Mount Elgin-McBeth Areas do not require leave to construct pursuant to section 90(1) of the *Ontario Energy Board Act, 1998*, nor do they require a system expansion surcharge.<sup>19</sup>

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<sup>14</sup> Ibid.

<sup>15</sup> ENGLP Response to OEB Staff-2(c)

<sup>16</sup> ENGLP Response to Enbridge Gas-1

<sup>17</sup> ENGLP Response to OEB Staff-2(b)

<sup>18</sup> Application, p. 12

<sup>19</sup> Application, p. 8

ENGLP proposed the construction of approximately 4,150 metres of 4-inch polyethylene pipe on Mount Elgin Road from Culloden Line, exclusive of the service laterals to individual customers, to connect Burgessville.<sup>20</sup> ENGLP states that a volumetric throughput of 13,200 m<sup>3</sup>/year will enter the expanded system at McBeth Road and Culloden Line.<sup>21</sup> The total capital cost for this portion of the proposed expansion including service laterals, tracer wire, meters, regulators and associated fittings is estimated to be \$411,691.<sup>22</sup>

In ENGLP's application as originally filed, it proposed the construction of approximately 1,400 metres of 2-inch polyethylene pipe on McBeth Road from Dereham Line, exclusive of the service laterals to individual customers, to connect the Salford Group.<sup>23</sup> ENGLP initially stated that a volumetric throughput of 56,100 m<sup>3</sup>/year will enter the expanded system at McBeth Road and Dereham Line.<sup>24</sup> The initial total capital cost for this portion of the proposed expansion including service laterals, tracer wire, meters, regulators and associated fittings was estimated to be \$57,674.<sup>25</sup> ENGLP was contacted by the Salford Group after the issuance of Procedural Order No. 1 on December 8, 2021 to increase the proposed pipeline servicing their facility in order to accommodate future expansion plans which would also require an extension and reinforcement further back to Culloden Line.<sup>26</sup> ENGLP now proposes constructing approximately 5,400 metres of 4-inch polyethylene pipe on McBeth Road from Culloden Line, exclusive of the service laterals to individual customers, to connect the Salford Group.<sup>27</sup> The new total capital cost including service laterals, tracer wire, meters, regulators and associated fittings is estimated to be \$420,912.<sup>28</sup> OEB staff agrees that the updated proposed pipeline on McBeth Road does not require leave to construct approval.

ENGLP also submitted that it does not require additional franchise agreements in order to construct and operate a natural gas distribution system and to supply natural gas to the noted businesses and nearby residences, as the proposed new service locations in the Mount Elgin-McBeth Areas are located within the Township of South-West Oxford and Oxford County, each of which ENGLP already holds franchise agreements with<sup>29</sup>.

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<sup>20</sup> Application, p. 8-9; OEB staff notes that in ENGLP's interrogatory response to Enbridge Gas-1, the total length of 4-inch pipeline on Mount Elgin Road is listed as 4,410 metres.

<sup>21</sup> Application, p. 9

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.; OEB staff notes that in ENGLP's interrogatory response to Enbridge Gas-1, the total length of 2-inch pipeline on McBeth Road is listed as 1,465 metres.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> ENGLP Response to Enbridge Gas-1

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

<sup>29</sup> Township of South-West Oxford (EB-2012-0447) and Oxford County (EB-2017-0232)

OEB staff agrees that ENGLP does not require additional franchise agreement approvals.

3) *Enbridge Gas is not contesting the application.*

Enbridge Gas's certificate for the Township includes the authorization to serve the Mount Elgin-McBeth Areas.

ENGLP notes in its interrogatory response that the yellow-green lines in the maps of the proposed pipeline infrastructure provided in Appendix E of ENGLP's application have historically represented the known location of service lines by Enbridge Gas as a reference point.<sup>30</sup> Enbridge Gas submits that it conducted its own cost analysis for extending its existing infrastructure to provide service to the Salford Group and Burgessville.<sup>31</sup> Based on its analysis, and while it states that it would like to connect the potential customers, Enbridge Gas believes it is more economic for ENGLP to attach these specific customers to ENGLP's system.<sup>32</sup>

4) *Other Considerations*

If the OEB were to grant the application, then OEB staff supports ENGLP's proposal that its current certificate (EB-2019-0232-A) be superseded and replaced by a new certificate that also includes the Mount Elgin-McBeth Areas. OEB staff also submits that, if the OEB were to grant ENGLP's application, then the OEB should cancel Enbridge Gas's existing certificate for the Township (EB-2019-0232-B) and replace it with a new certificate that would authorize it to serve within the Township except for the areas listed on ENGLP's new certificate. OEB staff submits that this is preferable and administratively easier for all affected parties going forward.

In its interrogatory response, ENGLP submits that the south half of Lot 11, Concession 2 and the north half of Lot 11, Concession 3 were added to its application in error.<sup>33</sup> OEB staff has removed the areas ENGLP added in error to the draft certificates attached to this staff submission. OEB staff has attached a draft of the two new certificates, for the OEB's consideration, in the event the application is approved.

OEB staff notes that the map in Appendix G to the application did not include the northeast quarter of Lot 13, Concession 2 as part of the areas in which ENGLP is requesting in its new certificate.<sup>34</sup> OEB staff submits that ENGLP should file updated

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<sup>30</sup> ENGLP Response to OEB Staff-3(a)

<sup>31</sup> Enbridge Gas, Request for Intervenor Status, dated December 7, 2020

<sup>32</sup> Ibid.

<sup>33</sup> ENGLP Response to OEB Staff-3(c), ENGLP Response to Enbridge Gas-3(a)

<sup>34</sup> ENGLP Response to OEB Staff-3(b), ENGLP Response to Enbridge Gas-3(c)

certificate maps, reflecting the inclusion of the northeast quarter of Lot 13, Concession 2, and the removal of the south half of Lot 11, Concession 2 and the north half of Lot 11, Concession 3.

All of which is respectfully submitted.



**Schedule A**  
**EB-2020-0232**

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

The Ontario Energy Board grants

### **EPCOR Natural Gas Limited Partnership**

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

### **Township of South-West Oxford**

as it is constituted on the date of this Decision and Order, in the following areas:

- Concession 1 – All of Lots 15 to 23 (Inclusive), those portions of Lot 24 lying south of Highway 401, the southwest quarter of Lot 13, and the south half of Lot 14
- Concession 2 – The south half of Lot 12, all of Lots 13 to 28 (Inclusive)
- Concession 3 – The north half of Lots 12-14, all of Lots 15 to 28 (Inclusive)
- Concession 4 – The south half of Lots 13-14, all of Lots 15 to 28 (Inclusive)
- Concession 5 to 9 – All of Lots 15 to 28 (Inclusive)
- Concession 10 – All of Lots 15 to 28 (Inclusive) and the southern quarter of Lot 14
- Concession 11 – All of Lots 15 to 28 (Inclusive) and the southern quarter of Lot 14
- Concession 12 – All of Lots 15 to 28 (Inclusive)

**DATED** at Toronto, February XX, 2021

#### **ONTARIO ENERGY BOARD**

*Original Signed By*

Pascale Duguay  
Manager, Natural Gas

**Schedule B  
EB-2020-0232**

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

The Ontario Energy Board grants

### **Enbridge Gas Inc.**

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

### **Township of South-West Oxford**

as it is constituted on the date of this Decision and Order, except for the following areas:

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- Concession 3 – The north half of Lots 12-14, all of Lots 15 to 28 (Inclusive)
- Concession 4 – The south half of Lots 13-14, all of Lots 15 to 28 (Inclusive)
- Concession 5 to 9 – All of Lots 15 to 28 (Inclusive)
- Concession 10 – All of Lots 15 to 28 (Inclusive) and the southern quarter of Lot 14
- Concession 11 – All of Lots 15 to 28 (Inclusive) and the southern quarter of Lot 14
- Concession 12 – All of Lots 15 to 28 (Inclusive)

**DATED** at Toronto, February XX, 2021

#### **ONTARIO ENERGY BOARD**

*Original Signed By*

Pascale Duguay  
Manager, Natural Gas