

Elson Advocacy

April 22, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Marconi:

**Re: Enbridge Gas Inc. 2024 to 2028 Rates Application
EB-2022-0200**

I am writing on behalf of Environmental Defence regarding potential non-compliance with the OEB's orders in this case with respect to the extra length charge ("ELC").

As you know, the OEB approved a five-fold increase in the ELC to \$159 per meter beyond 20 meters for 2024.¹ Instead of implementing this decision as soon as possible, Enbridge is encouraging customers to complete a gas connection application before May 1, 2024 so as to qualify for the previous charge of \$32 per meter. Enbridge is advising that it will charge customers the old amount of \$32 per meter even if the actual capital work commences long into the future – even next year.

We only learned of this matter today. At this point, we know that it is occurring in Bobcaygeon, but there are reasons to suspect that it is occurring throughout the province in communications with any customers that have inquired about connecting to the gas system. In the case of Bobcaygeon, Enbridge is starting an extensive door-to-door in-person marketing campaign tomorrow (April 23, 2024) to secure gas connection applications. This campaign is explicitly focusing on residents whose homes are beyond the no-cost 20-meter threshold and will emphasize the benefit of applying now.

This is contrary to the OEB's orders in this case.

First, the new ELC was meant to come into force on January 1, 2024 or as soon thereafter as possible. The OEB stated as follows: "the OEB approves the proposed ELC of \$159 per metre beyond the first 20 meters for use in 2024."² The OEB also stated, "With respect to implementation timing for interim 2024 rates, the OEB agrees that these rates should be

¹ EB-2022-0200, Decision and Order, December 21, 2023, p. 50.

² *Ibid.*

implemented as soon as possible after approval....”³ Although some rates had to be implemented on May 1, 2024, with a rate rider to address the 4-month revenue variance, that is not the case for service charges for individuals seeking to connect to the Enbridge system. Those charges could have been and should have been implemented on January 1, 2024. This would merely have required advising potential future customers that the cost would be \$159 per meter over 20 meters.

Second, regardless of whether the implementation date for these service charges is considered to be January 1, 2024 or May 1, 2024, it is inconsistent with the OEB decision to determine whether the old or new charges apply based on the date a connection application is received, as that is arbitrary and fails to protect existing customers from subsidizing new connections. In the case of Bobcaygeon, Enbridge does not anticipate actually making the connections until 2025. It is therefore encouraging customers to sign up today to lock in the \$32 per meter rate from 2023 for construction that will take place in 2025. It is highly problematic to be continuing with that unduly low charge for any longer than strictly necessary.

Third, Enbridge is not only delaying implementation to May 1st and selecting the application date as cut-off point between the new and old charges, *it is actively encouraging residents to submit applications as soon as possible in order to circumvent implementation of the new charges*. This includes the door-to-door campaign in Bobcaygeon that is starting tomorrow and will target customers who would be subject to the ELC, encouraging them to sign up immediately to avoid the new \$159/m charge.

Enbridge’s approach to this issue will result in additional unwarranted costs for ratepayers, including significant subsidies from existing ratepayers to new customers. The previous ELC was far too low to cover costs.⁴ Indeed, Enbridge blamed its 2023 connection cost shortfall of \$26.5 million to a large extent on the ELC being too low.⁵ Existing ratepayers will need to make up the shortfall for all customers who submit connection applications in the first four months of this year (January 1, 2024 and May 1, 2024). That may be an unusually high number of customers in light of Enbridge’s marketing attempts.

We note that there may be a disconnect within Enbridge on this issue, such as a disconnect between those responsible for the rebasing case and those responsible for new customer connections. We notified those responsible for the rebasing case, but we have not heard back as we ourselves only learned of this issue earlier today.

When Enbridge seeks to add the relevant connection cost capital amounts to rate base in a future proceeding, Environmental Defence will ask the OEB to disallow an amount equal to the difference between what Enbridge collected with the \$32/m charge and what it should have collected with the \$159/m charge. However, we are bringing this to the OEB’s attention as it may wish to provide directions to Enbridge in order to reduce the size of the potential future

³ *Ibid.* at p. 137.

⁴ EB-2022-0200, Exhibit 8, Tab 3, Schedule 1, Page 10, p. 17.

⁵ EB-2022-0200, Decision and Order, December 21, 2023, p. 50.

disallowance or ensure that the issue is appropriately tracked to allow it to be addressed efficiently in a future proceeding.

Thank you for your attention to this matter.

Yours truly,

A handwritten signature in blue ink, appearing to read 'K. Elson', with a stylized, cursive script.

Kent Elson

cc: Parties to the above proceeding