



# Ontario Energy Board Commission de l'énergie de l'Ontario

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## DECISION AND ORDER

**EB-2017-0147**

### ENBRIDGE GAS DISTRIBUTION INC.

**Application for approval to construct natural gas pipelines to serve the community of Fenelon Falls and charge a System Expansion Surcharge to all new customers in the community of Fenelon Falls**

**Application for a Certificate of Public Convenience and Necessity for the City of Kawartha Lakes**

**Application to charge a System Expansion Surcharge to all new customers of future community expansion projects**

**BEFORE:** Susan Frank  
Presiding Member

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**March 1, 2018**

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# 1 INTRODUCTION

On July 26, 2017 Enbridge Gas Distribution Inc. (Enbridge) applied to the Ontario Energy Board (OEB) under s. 90(1) and s. 36 of the *Ontario Energy Board Act, 1998* (OEB Act) and under s. 8 of the *Municipal Franchises Act* (Franchises Act) for approvals that would allow Enbridge Gas to provide natural gas service to the community of Fenelon Falls in the Township of Brock and the City of Kawartha Lakes (Fenelon Falls Project).

Enbridge Gas has requested the following approvals:

- Approval to construct 37 kilometres of natural gas pipelines under s. 90(1) of the OEB Act
- An order pursuant to s. 97 of the OEB Act approving the proposed form of easement agreements
- Approval of a Certificate of Public Convenience and Necessity (Certificate) under s. 8 of the Municipal Franchises Act for the City of Kawartha Lakes to allow it to construct the natural gas facilities
- Approval under s. 36 of the OEB Act to charge a System Expansion Surcharge (SES or Surcharge), a fixed volumetric rate, of \$0.23 per m<sup>3</sup> to:
  - all new customers in the community of Fenelon Falls that take service from the proposed facilities
  - all new customers of similar future Community Expansion Projects

The Board grants all the approvals that Enbridge sought in this proceeding subject to certain conditions and reporting requirements as described in the decision.

On November 17, 2016, the OEB issued a decision on its Generic Proceeding on Community Expansion (Generic Decision)<sup>1</sup>, which set the guiding principles for funding community expansion projects through a surcharge to new customers in a community in order to avoid cross-subsidy of these projects by the existing customers. Based on these general guiding principles, the OEB approved four Union Gas Limited (Union Gas) community expansion projects.<sup>2</sup>

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<sup>1</sup> EB-2016-0004

<sup>2</sup> EB-2015-0179

## 2 THE PROCESS

The OEB issued a Notice of Hearing on August 18, 2017. On October 30, 2017, the OEB issued a revised Notice of Hearing to advise Indigenous communities that the OEB's review of this application may serve as a component of the Crown's duty to consult for the Fenelon Falls Project. Enbridge Gas served and posted the notices as directed.

Anwaatin Inc. (Anwaatin), Consumers Council of Canada (CCC), Canadian Propane Association (CPA), School Energy Coalition (SEC) and Vulnerable Energy Consumers Coalition (VECC) applied and were awarded intervenor status and cost eligibility. On December 5, 2017, Anwaatin filed a notice of withdrawal as an intervenor from the proceeding.

The OEB proceeded by way of a written hearing. On January 22, 2018, CCC, SEC, VECC and OEB staff filed written submissions. The record for the proceeding was completed by written reply submissions from Enbridge Gas on January 31, 2018.

### 3 FENELON FALLS COMMUNITY EXPANSION PROJECT

#### Leave to Construct Approval

Enbridge has requested approval to construct 37 kilometres of natural gas pipelines consisting of two segments:

- The Sunderland Segment consists of 8 kilometres of 6 inch diameter pipeline starting in the community of Sunderland in the Township of Brock and connecting to Enbridge's existing pipeline at Farmstead Road in the City of Kawartha Lakes.
- The Fenelon Falls Segment consists of 29 kilometres of 6 inch and 4 inch diameter pipeline starting in the community of Oakwood and ending in the community of Fenelon Falls in the City of Kawartha Lakes.

The map showing the general location of the Fenelon Falls Project is included as Attachment A.

The need for the Fenelon Falls Project was established through market research, including residential customer surveys conducted on behalf of Enbridge by Lura Consulting, as well as Enbridge surveys and communication with residential and commercial customers. Of the potential 2,303 customers in the area, Enbridge forecast that 1,920 customers will be attached after ten years<sup>3</sup>. The estimated capital cost of the upfront capital and capital associated with the ten years of expected incremental customer additions is \$46,878,981<sup>4</sup>.

Enbridge notes that the preferred route will allow Enbridge to offer gas distribution service to the communities of Cameron and Cambray along the way to Fenelon Falls. Enbridge has included the cost of serving Cameron and Cambray in the economics of

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<sup>3</sup> Evidence Exhibit E, Tab 2, Schedule 1, page 1

<sup>4</sup> As explained in the evidence at Exhibit F, Tab 1, Schedule 1 page 2, paragraph 6, Enbridge included in this amount the costs of the future reinforcement mains, future distribution mains, and future mains and services required to complete the service to Fenelon Falls for which it does not seek OEB's approval in this proceeding. Enbridge stated that it included this cost in the feasibility analysis for completeness. The revenues to recover these distribution mains capital costs will be recovered through future distribution rates.

the Fenelon Falls Project, as well as in its natural gas grant application submitted to the Ministry of Energy (MOE).<sup>5</sup>

Enbridge considered alternative system supply points for the Fenelon Falls natural gas distribution service, as well as alternative routes for the Sunderland and Fenelon Falls segments. The criteria for rejecting the alternative supply locations and selecting the preferred route was minimizing impacts on residents/businesses, prime agricultural land, watercourses, roads, wetlands, significant woodlots, Conservation Authority regulated areas, Environmentally Sensitive Areas and water wells.<sup>6</sup>

Stantec Consulting Ltd. was retained to prepare the Environmental Report (ER), which was submitted to the Ontario Pipeline Coordinating Committee for review on May 9, 2017. The ER was completed in accordance with the *OEB Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario* (OEB Guidelines).<sup>7</sup> Enbridge confirmed that it will implement all of the recommendations of the Environmental Implementation Plan associated with the environmental assessment for the Fenelon Falls Project as well as condition # 3 in the conditions of approval.

In accordance with the OEB Guidelines, Enbridge filed an Indigenous Consultation Report (ICR) as part of its evidence. On December 21, 2017, Enbridge filed an updated ICR with the OEB and the MOE.<sup>8</sup> The updated ICR includes Indigenous consultation activities up to and including December 1, 2017. Enbridge stated in its updated ICR that the identified Indigenous groups have not expressed any project-specific concerns. Enbridge has also committed to continue its efforts to solicit information and concerns from the Indigenous groups by inquiring via email and, depending on the response, also offering to meet with the Indigenous communities in person.

Consistent with the guiding principles for funding community expansion projects in the Generic Decision, Enbridge combined several funding vehicles to reach a PI of 1. Enbridge's evidence states that the initial Profitability Index (PI) of the Fenelon Falls Project, without any financial assistance, was 0.27. The PI increased to 0.75 with the

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<sup>5</sup> Enbridge Response to the OEB Staff IR # 12

<sup>6</sup> Enbridge Response to the OEB Staff IR # 2

<sup>7</sup> Evidence Exhibit D, Tab 1 Schedule 3, page 1: "Environmental Report"

<sup>8</sup> Exhibit H, Tab 1, Schedule 1, Attachment 13

SES and Incremental Tax Equivalent (ITE) from the City of Kawartha Lakes. The Provincial Grant that Enbridge requested allows the project to reach a PI of 1.<sup>9</sup>

The ITE will reduce the operating cost of the Fenelon Falls Project over the first ten years of the discounted cash flow (DCF) analysis. The grant funding of approximately \$12.6 million was requested from the Ministry of Infrastructure. In its reply submission, Enbridge indicated that a public announcement of the grant has not yet been made available by the government. Enbridge has committed to send a letter to the OEB and parties to this proceeding regarding the outcome of the application to the government.<sup>10</sup>

Enbridge stated that it used the DCF method described in the *EBO 188 Natural Gas System Expansion Report of the Board, January 30, 1998* (EBO 188) in arriving at a SES rate rider of \$ 0.23 per m<sup>3</sup>. Enbridge proposes that the Rate Stabilization Period (RSP) be 10 years for the Fenelon Falls Project. The RSP is the period in which Enbridge will bear the risk associated with variances between forecast and actual customer attachments and related revenues.<sup>11</sup>

Enbridge's evidence states that an average residential customer consuming 2,400 m<sup>3</sup> of natural gas per year can achieve \$ 670 in annual energy cost savings through conversion to natural gas. According to Enbridge, a typical residential customer will achieve a conversion cost payback in 6 years, including payment of the \$ 0.23 per m<sup>3</sup> SES rate rider and conversion costs.

Enbridge confirmed that it will report on its Community Expansion Projects, including the Fenelon Falls Project, at its annual stakeholder meeting and that the report will include budgeted and actual capital costs, cumulative actual and forecasted customer attachments and project PI.

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<sup>9</sup> Evidence Exhibit F, Tab 1, Schedule 1, page 5, Table

<sup>10</sup> Enbridge Reply Submission (EB-2017-0147) dated January 31, 2018 page 4, paragraph 9

<sup>11</sup> Evidence Exhibit B, Tab 1, Schedule 1, pages 13-14 paragraphs 32-35

## Findings

The OEB accepts Enbridge's evidence that the project is needed to provide gas service to the community of Fenelon Falls. The OEB has no concerns with the route selection methodology and criteria that resulted in the proposed routing.

The OEB finds that Enbridge has adequately addressed the environmental issues through its proposed mitigation measures and its commitment to implement recommendations in the Environmental Report.

The OEB is satisfied that the duty to consult has been adequately discharged up to this stage of the project. The OEB expects Enbridge will continue to work closely with any potentially impacted Indigenous communities as the project moves forward.

OEB staff proposed a number of conditions of approval for the proposed pipeline based on conditions approved by the OEB for similar projects. The OEB grants Leave to Construct subject to the conditions of approval which are provided in Attachment B.

The OEB accepts Enbridge's forecast of the economics of the Fenelon Falls Project and components of its funding that brings the PI to 1. This forecast is dependent upon the Ministry of Infrastructure providing grant funding of approximately \$12.6 million. Accordingly, the approval of the leave to construct is conditional on Enbridge receiving the \$12.6 million grant from the Ministry of Infrastructure. The OEB finds that the Rate Stability Period of 10 years proposed by Enbridge is reasonable and consistent with the RSP granted in Union Gas' community expansion applications.<sup>12</sup> The OEB approves the proposed SES of \$0.23 per m<sup>3</sup>. The OEB also notes that a \$0.23 per m<sup>3</sup> SES was approved for Union Gas to charge in its four new community expansion projects.<sup>13</sup>

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<sup>12</sup> EB-2015-0179

<sup>13</sup> EB-2015-0179



## 4 LAND MATTERS

Most of the proposed pipelines will be located within existing road allowances. Enbridge also requires permanent easement agreements and temporary land rights to complete the Fenelon Falls Project. Enbridge has negotiated terms with two landowners of properties where temporary land use rights are required. Enbridge indicated that it will contact the owners of the permanent easement sites in January 2018 to offer them an easement agreement in the form filed with the evidence in this proceeding. According to section 97 of the OEB Act, Enbridge requires the OEB's approval of the form of easement agreement that it has offered or will offer to the affected landowners. Enbridge noted that the form of easement agreement was previously approved by the OEB in the proceeding for the Seaton pipeline project<sup>14</sup>.

### Findings

The OEB is satisfied that Enbridge is addressing land matters appropriately and the OEB approves the continued use of the previously approved form of easement agreement that Enbridge has offered or will offer to each owner of land affected by the approved pipeline route for the Fenelon Falls Project.

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<sup>14</sup> EB-2016-0054

## 5 CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

Enbridge has entered into a Municipal Franchise Agreement with the City of Kawartha Lakes. Enbridge currently holds Certificates for former municipalities that now form part of the City of Kawartha Lakes. In order to allow Enbridge to construct the facilities to serve Fenelon Falls, Enbridge asked that the OEB cancel all of the Certificates currently held by Enbridge for areas within the City of Kawartha Lakes and issue to Enbridge a single Certificate for the City of Kawartha Lakes. Enbridge holds the following Certificates for former townships within the City of Kawartha Lakes:

- Township of Emily
- Town of Lindsay
- Township of Manvers
- Township of Mariposa
- Village of Omemee
- Township of Ops

Enbridge provided in its evidence a customer density map showing the Enbridge gas mains in the City of Kawartha Lakes where Enbridge currently serves approximately 11,600 customers (City of Kawartha Lakes Map).<sup>15</sup>

### Findings

OEB grants Enbridge the Certificate for the entire area inside the municipal boundaries of the City of Kawartha Lakes. The OEB cancels the existing certificates for the former municipalities within the boundaries of the City of Kawartha Lakes. The OEB notes that certificates do not grant exclusive rights to provide future service to an area. Where there is currently no distribution service, another utility can apply for a certificate to serve that area. This view is consistent with the OEB's past practice.

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<sup>15</sup> Evidence Exhibit A, Tab 3, Schedule 1, Attachment 1, page 1

## 6 GENERIC APPROVAL OF SYSTEM EXPANSION SURCHARGE

Enbridge asked that the OEB grant approval to charge the \$0.23 per m<sup>3</sup> Surcharge to all new customers of its future Community Expansion Projects (CEP).

Enbridge requested that the OEB-approved volumetric Surcharge be applicable to the following categories of projects:

- Community Expansion: A natural gas system expansion project which will provide first time natural gas system access where a minimum of 50 potential customers already exist, for which economic feasibility guidelines derive a Profitability Index (PI) of less than 1.0; or
- Small Main Extension: All other forms of distribution system expansion which provide first time natural gas system access to customers where fewer than 50 potential customers in homes and business already exist and where the PI for the project is less than 1.0<sup>16</sup>

According to Enbridge, its proposed classification of Community Expansion Project is intended to make the surcharge available to more communities.<sup>17</sup> Enbridge proposed that the surcharge would apply to all customers who take service from a gas distribution facility constructed by the Enbridge in connection with a Community Expansion Project.<sup>18</sup>

VECC submitted that the use of a constant value for the SES charge is desirable both from a practical perspective and to allow transparency. VECC supports Enbridge's proposal to implement the SES as a long-term rate rider.

Enbridge noted that many of the Small Main Extension projects may not require a leave to construct approval or a Certificate approval. This raised the issue of what level, if any, of the OEB's regulatory approval or review is required before an SES is charged.

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<sup>16</sup> Evidence Exhibit B, Tab 1, Schedule 1, page 4, paragraph 9

<sup>17</sup> Enbridge Reply Submission, page 9, paragraph 27

<sup>18</sup> Evidence Exhibit B, Tab 2, Schedule 1, page 9, paragraph 24

Enbridge proposed the following approach to OEB's generic approval of the surcharge for projects that would not require any other approval (such as a leave to construct):

In the event that leave of the Board is not required to construct a project, Enbridge will notify the Board of its intent to construct a Community Expansion Project in its annual rate application. Details of the project will be provided including the requirement for an SES and any other financing mechanisms that will be used to support project economics<sup>19</sup>.

CCC and SEC supported in principle Enbridge's proposed classification. VECC submitted that Community Expansion Projects should be defined to cover the situations where the upfront investment hurdles cannot be overcome and the number and nature of customers make a capital contribution impossible. OEB staff noted that a formal definition of what constitutes a community expansion project was not established by the OEB in the Generic Decision and accordingly it is premature to grant Enbridge's generic surcharge request at this time. CCC, SEC, VECC and OEB staff supported the proposed notification and/or reporting requirements that the OEB may impose to its generic approval of the surcharge.

OEB staff and SEC agreed with Enbridge's proposal to notify the OEB about the Small Main Extension Projects. OEB staff submitted that notification in the annual rate application or outside of a rate application is potentially acceptable either for individual projects or a group of projects.<sup>20</sup> However, OEB staff suggested that a generic approval of the surcharge for Small Main Extension not be granted without an OEB rate order for individual projects. In OEB staff's view, a rate order will need to specifically identify the communities to whom the surcharge is being charged. Enbridge responded that rate orders are not necessary, using an analogy that a rate order is not necessary for capital contributions, which the OEB also recognizes as a "rate".<sup>21</sup>

CCC and VECC stated that any of the CEPs should be approved by the OEB on a case-by-case basis. SEC's view is that generic approval of the surcharge allows for regulatory efficiency; however, SEC submitted that "in absence of regulatory review", Enbridge

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<sup>19</sup> OEB Exhibit B, Tab 1, Schedule 1, page 4, paragraph 10

<sup>20</sup> Staff Submission, page 13

<sup>21</sup> Enbridge Reply Submission, page 5, paragraph 15

should bear the financial risks if the OEB disallows certain costs in a rebasing rate proceeding. SEC's position is that Enbridge should be required to file a letter with the OEB informing it of a new community expansion project, even if no application needs to be filed with the OEB.<sup>22</sup>

Enbridge proposed that Community Expansion Projects should not exclude contract customers (i.e. industrial customers).<sup>23</sup> OEB staff's view is that contract customers should not be eligible for an SES. Enbridge disagreed and responded that that the Fenelon Falls Project will have a large industrial customer and that if that customer is excluded, the economics of the project will be at risk. OEB staff also submitted that contiguous growth be excluded from the CEP definition and therefore not be eligible for the Surcharge. Enbridge disagreed and stated that a group of customers should be eligible for the SES even if it is contiguous to the existing natural gas system.<sup>24</sup>

It was agreed by all the parties that larger CEPs that require the OEB's leave to construct, such as the Fenelon Falls Project, would be reviewed in accordance with the regulatory framework defined by the OEB in its Generic Decision and as applied in this proceeding and the review of Union Gas' Community Expansion Application.<sup>25</sup> Enbridge proposed to report on all of its community expansion projects at its annual Shareholder Day meetings. Enbridge stated it would report on the following:

- the budgeted and actual capital costs as of in-service date (gross and net of Capital Contribution)
- the PI for each project
- cumulative and actual customer attachments for the 10-year forecast period

None of the parties opposed Enbridge's proposed reporting.

Enbridge proposes to track Small Main Expansion projects not requiring approval under s. 90 in its Rolling Project Portfolio and Investment Portfolio as set by EBO 188. Enbridge's view is that it would be contrary to the Generic Decision if CEPs were not tracked under the portfolio approach as set in the EBO 188.<sup>26</sup> Enbridge referenced the

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<sup>22</sup> SEC Submission, page 3

<sup>23</sup> Enbridge Reply Submission, page 8, paragraph 25

<sup>24</sup> Enbridge Reply Submission, page 9, paragraph 28

<sup>25</sup> EB-2015-0179

<sup>26</sup> Enbridge Reply Submission, page 8, paragraph 23

Generic Decision where the OEB stated that “There is no need to modify the parameters or depart from the principles embodied in E.B.O. 188 to facilitate expansion projects”.<sup>27</sup> OEB staff did not support a portfolio approach, expressing concern about how Enbridge could calculate a PI of 1 for each community and determine if an SES should be discontinued. VECC strongly supported the use of a portfolio basis, arguing also that a PI of 0.8 should be acceptable for all the CEPs to ensure equal treatment of CEP customers with other non-CEP customers.

A Rate Stability Period (RSP) of 10 years was proposed by Enbridge for all CEPs. The RSP is the period in which Enbridge will bear the risk associated with variances between forecast and actual customer attachments and related revenues.<sup>28</sup> OEB staff, CCC, SEC and VECC agreed to the 10 year RSP and noted that this is consistent with the OEB’s Generic Decision and with the Union Gas Community Expansion Decision. CCC submitted that there should be uniformity in the treatment of community expansions across distributors and noted that Enbridge had agreed to providing a revised DCF calculation after the ten year forecast period if a revenue shortfall is requested.

Enbridge stated that it would annually evaluate community expansion projects to determine if a project has reached a PI of 1 prior to the Final Year<sup>29</sup> (i.e. 40 years for the Fenelon Falls Project). Enbridge confirmed that if the PI of 1 is reached prior to the Final Year, the existing attached customers and customers attached after that year would not be charged the Surcharge. The Final Year and the Initial Term (i.e. 40 years for the Fenelon Falls Project) of the SES would be, Enbridge noted, based on initial forecasts of customer attachments, customer attachment rates and natural gas demand. Enbridge confirmed that it does not plan to extend the duration of the Final Year and continue to charge the attached customers the SES after year 40 of the Fenelon Falls Project.<sup>30</sup> VECC supported Enbridge’s economic assessment proposal and noted that Enbridge confirmed that this approach will be applied to all future community expansion projects.

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<sup>27</sup> Generic Decision, page 18

<sup>28</sup> Evidence Exhibit B, Tab 1, Sch 1, pages 13-14 paragraphs 32-35

<sup>29</sup> As per Exhibit B-1-1, page 5, the Final Year of the SES will be the last year, as determined by the feasibility analysis for the project pursuant to the EBO 188 Guidelines, that payment of the SES will be required to ensure a Community Expansion Project attains a PI of 1.0.

<sup>30</sup> Enbridge Response to the OEB Staff IR # 3 and Evidence Exhibit B, Tab 1, Schedule 1, page 7, paragraphs 19 and 20

Enbridge proposed that any variance in the capital costs for a project would be captured in a subsequent rate rebasing application, which could occur prior to the end of the ten year term of the RSP.<sup>31</sup> Concern was expressed by SEC that this risk should be managed by the utility and not imposed on the customers.<sup>32</sup>

SEC submitted that Enbridge should not tell potential customers that the SES will remain \$0.23 per m<sup>3</sup>. However, Enbridge stated that the “core element” of its proposal is that the Surcharge will not change and that it remains constant until it no longer applies.

CCC submitted that Enbridge should bear the risk of declining average use of gas if a volumetric charge is used or that a fixed surcharge may transfer this risk to new community expansion customers. Enbridge disagreed with this proposed approach.

## Findings

The Community Expansion Project definition raised some concern. OEB staff indicated that EBO 188 should apply to contiguous expansion; therefore, the contiguous expansion does not qualify for the surcharge treatment. In the letter dated February 17, 2015 the Ontario Minister of Energy encouraged the OEB to examine opportunities to facilitate access to natural gas service to more communities. While the Generic Decision does indicate that EBO 188 should apply to Community Expansion Projects, it is the principle of no cross-subsidization that should apply and not the specifics of a capital contribution. The Generic Decision looks for ways to encourage communities that previously could not make a sufficient capital contribution to allow the expansion to proceed. The OEB finds that equal treatment supports the inclusion of contiguous communities. The definition proposed by Enbridge does broaden the developments that qualify and appears to be consistent with the Generic Decision. The OEB finds that the definition proposed by Enbridge is appropriate and approves the associated changes to the Glossary of Terms in Enbridge’s Rate Handbook, as set out at Exhibit B-1-1, Attachment 5.

VECC made extensive argument on why the use of a PI of 1 for Community Expansion Projects is unfair when compared to projects under EBO 188 with a capital contribution minimum PI requirement of 0.8. The guiding principle of both the Generic Decision and

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<sup>31</sup> Evidence Exhibit B, Tab 1, Sch 1, page 13 paragraph 33

<sup>32</sup> Submission by SEC (EB-2017-0147), January 22, 2018, page 3

EBO 188 is to attempt to avoid charges related to new customers to be subsidized by existing customers. As the mechanics under the Generic Decision are new, a continued evolution can be expected. The OEB is not prepared to change the PI of 1 requirement for Community Expansion Projects. The concern about the application of the SES to contract customers is a case where a recognition of the situation requires modification to the Generic Decision. Where contract customers and residential customers are served by the same Community Expansion, the OEB directs that the SES will apply to all customers. In those circumstances where the new load is primarily associated with contract customers, the requirement for capital contributions from contract customers to achieve a PI of a minimum of 0.8 will continue.

The OEB agrees with Enbridge's submission that approval of a fixed volumetric SES for application to future Community Expansion Projects allows all stakeholders to assess community expansion situations on the basis of a consistent, predictable surcharge to be paid by new customers.<sup>33</sup>

The OEB notes that Enbridge attempted to be consistent with the Generic Decision and the decision on Union Gas' community expansion applications both in terms of selecting a \$0.23 per m<sup>3</sup> Surcharge for all new customers of its future Community Expansion Projects and in selecting a similar approach to the mechanics of the application of the surcharge. This includes the revised DCF calculation based on actuals after the 10-year forecast Rate Stabilization Period and the assumption of any revenue forecast risk during those ten years. The OEB agrees that consistency of approach for the surcharge across Ontario is appropriate.

The OEB accepts that approval of a fixed quantum of a volumetric surcharge will be more efficient. The OEB approves the \$0.23 per m<sup>3</sup> Surcharge for all new customers of its future Community Expansion Projects. As a condition of this approval, Enbridge is required to issue a letter to the OEB informing it when a new group of customers is to be charged the SES.

The reporting on the Community Expansions is generally accepted. However, it is necessary for Enbridge to monitor and report on the PI for individual projects to determine when the SES charge is no longer required to reach a PI of 1.

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<sup>33</sup> Enbridge Reply Submission, page 5 paragraph 16



## 7 ORDER

### THE BOARD ORDERS THAT:

1. Enbridge Gas Distribution Inc. (Enbridge) is granted leave, pursuant to subsection 90(1) of the OEB Act, to construct 8 kilometres of 6 inch diameter pipeline and 29 kilometres of 6 inch and 4 inch diameter pipelines to provide natural gas service to the community of Fenelon Falls as described in its application. Leave to construct is subject to the Conditions of Approval set forth in Attachment B.
2. The OEB approves a System Expansion Surcharge of \$0.23 per m<sup>3</sup> in the community of Fenelon Falls.
3. The OEB approves the proposed form of easement agreement that Enbridge has offered or will offer to each owner of land affected by the approved pipeline route for the Fenelon Falls Project.
4. The certificate of public convenience and necessity, attached as Attachment C to this Decision and Order, is granted to Enbridge Gas Distribution Inc. to construct works or supply gas in the City of Kawartha Lakes. A current map of the City of Kawartha Lakes is attached as Schedule 1 to the certificate of public convenience and necessity for the City of Kawartha Lakes in the Attachment C to this Decision and Order.
5. The attached certificate of public convenience cancels and supersedes certificates related to the former Township of Emily, the former Town of Lindsay, the former Township of Manvers, the former Township of Mariposa, the former Village of Omemee, and the former Township of Ops.
6. The Community Expansion Project definition proposed by Enbridge is to be reflected in changes to the Glossary of Terms in Enbridge's Rate Handbook, as set out at Exhibit B-1-1, Attachment 5.

7. A surcharge in the form of a rate rider in the amount of \$0.23 per m<sup>3</sup> is to be applied to all new customers of future Enbridge's Community Expansion Projects. Enbridge is to change its Rate Handbook to indicate that Enbridge is permitted to charge a System Expansion Surcharge to certain customers in accordance with the OEB's decision in EB-2017-0147. Enbridge is further required to issue a letter to the OEB informing it when a new group of customers is to be charged the surcharge.
8. Enbridge is to monitor and report on the Profitability Index (PI) for individual Community Expansion projects to determine when the SES charge is no longer required to reach a PI of 1.
9. Eligible intervenors shall file with the OEB and forward to Enbridge their respective cost claims in accordance with the OEB's *Practice Direction on Cost Awards* on or before March 9, 2018.
10. Enbridge shall file with the OEB and forward to the intervenors any objections to the claimed costs of the intervenors on or before March 19, 2018.
11. If Enbridge objects to the intervenor costs, intervenors shall file with the OEB and forward to Enbridge any responses to any objections for cost claims on or before March 26, 2018.
12. Enbridge Gas Distribution Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

**DATED** at Toronto March 1, 2018

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

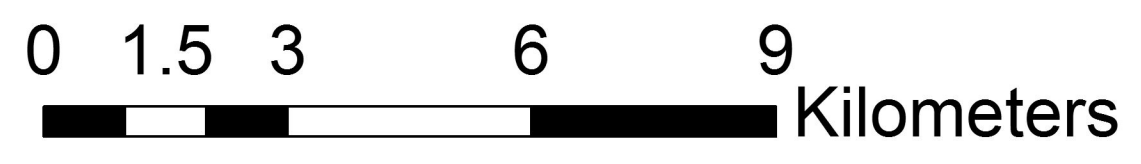
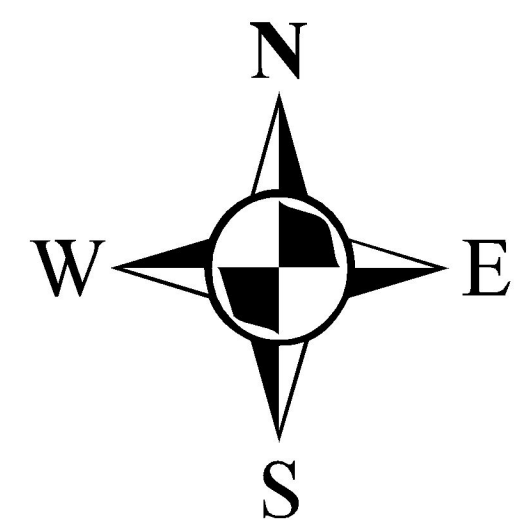
**ATTACHMENT A**  
**MAP OF FACILITIES**  
**DECISION AND ORDER**  
**ENBRIDGE GAS DISTRIBUTION INC.**  
**EB-2017-0147**  
**MARCH 1, 2018**

# Proposed Pipelines to Serve Fenelon Falls



**Legend**

- ◆ Station
- Starting Point
- Ending Point
- == Existing Enbridge Pipelines
- Fenelon Falls Segment Proposed Pipeline
- Sunderland Segment Proposed Pipeline



**ATTACHMENT B**  
**CONDITIONS OF APPROVAL**  
**LEAVE TO CONSTRUCT ORDER**  
**ENBRIDGE GAS DISTRIBUTION INC.**  
**EB-2017-0147**  
**MARCH 1, 2018**

## Leave to Construct Conditions of Approval

### EB-2017-0147

1. Enbridge Gas Distribution Inc. (Enbridge) shall construct the facilities and restore the land in accordance with the OEB's Decision and Order in EB2017-0147 and these Conditions of Approval.
2. (a) Authorization for leave to construct shall terminate 12 months after the decision is issued, unless construction has commenced prior to that date.  
  
(b) Enbridge shall give the Board notice in writing:
  - i. of the commencement of construction, at least ten days prior to the date construction commences;
  - ii. of the planned in-service date, at least ten days prior to the date the facilities go into service;
  - iii. of the date on which construction was completed, no later than 10 days following the completion of construction; and
  - iv. of the in-service date, no later than 10 days after the facilities go into service.
3. Enbridge shall implement all the recommendations of the Environmental Protection Plan filed in the proceeding, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee review.
4. Enbridge shall advise the OEB of any proposed change to OEB-approved construction or restoration procedures. Except in an emergency, Enbridge shall not make any such change without prior notice to and written approval of the OEB. In the event of an emergency, the OEB shall be informed immediately after the fact.
5. Enbridge shall file, in the proceeding where the actual capital costs of the project are proposed to be included in rate base, a Post Construction Financial Report, which shall indicate the actual capital costs of the project and shall provide an explanation for any significant variances from the cost estimates filed in this proceeding.

6. Both during and after construction, Enbridge shall monitor the impacts of construction, and shall file with the OEB one paper copy and one electronic (searchable PDF) version of each of the following reports:
  - a) a post construction report, within three months of the in-service date, which shall:
    - i. provide a certification, by a senior executive of the company, of Enbridge's adherence to Condition 1;
    - ii. describe any impacts and outstanding concerns identified during construction;
    - iii. describe the actions taken or planned to be taken to prevent or mitigate any identified impacts of construction;
    - iv. include a log of all complaints received by Enbridge, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions; and
    - v. provide a certification, by a senior executive of the company, that the company has obtained all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project.
  - b) a final monitoring report, no later than fifteen months after the in-service date, or, where the deadline falls between December 1 and May 31, the following June 1, which shall:
    - i. provide a certification, by a senior executive of the company, of Enbridge's adherence to Condition 3;
    - ii. describe the condition of any rehabilitated land;
    - iii. describe the effectiveness of any actions taken to prevent or mitigate any identified impacts of construction;
    - iv. include the results of analyses and monitoring programs and any recommendations arising therefrom;
    - v. and include a log of all complaints received by Enbridge, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions.

**ATTACHMENT C**  
**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**  
**CITY OF KAWARTHA LAKES**  
**ENBRIDGE GAS DISTRIBUTION INC.**  
**EB-2017-0147**  
**MARCH 1, 2018**



**EB-2017-0147**

## **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 in the

### **City of Kawartha Lakes**

**DATED** at Toronto, March 1, 2018

**ONTARIO ENERGY BOARD**

Original Signed By

Kirsten Walli  
Board Secretary

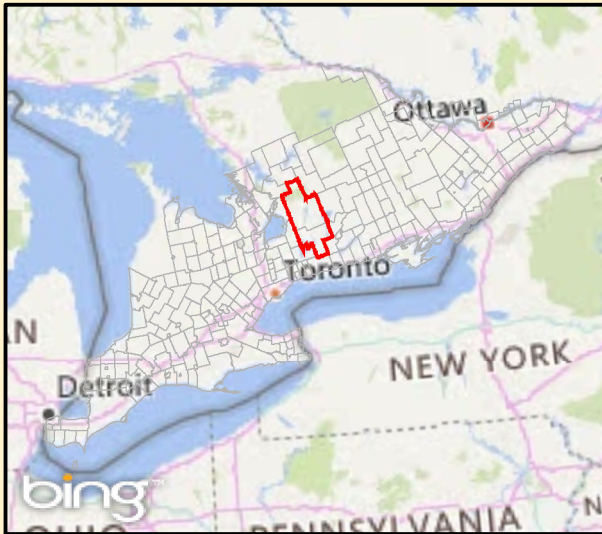
**Schedule A**

**EB-2017-0147**

**DATED: March 1, 2018**

**Map of the City of Kawartha Lakes**

# Key Map

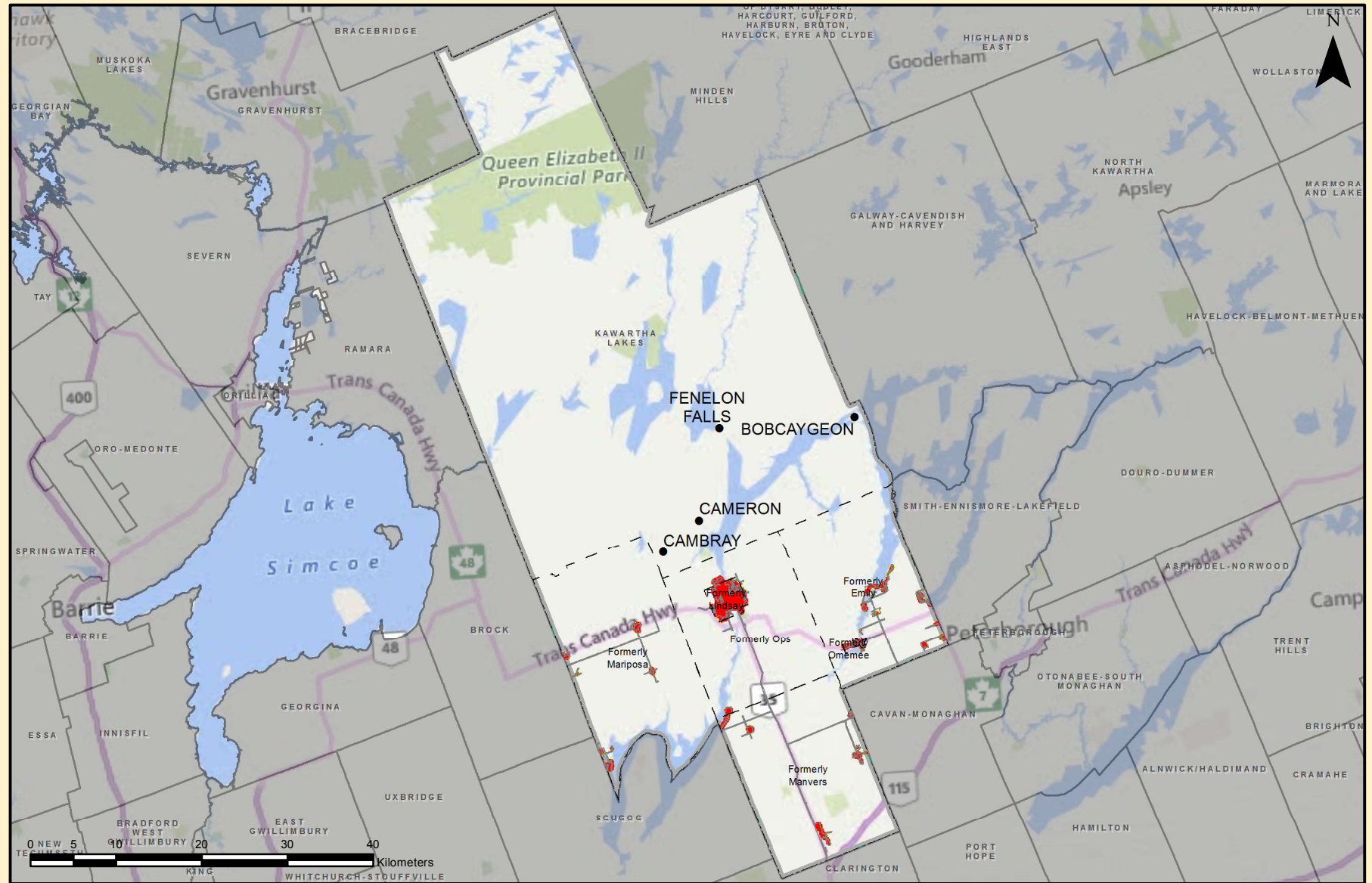


## Legend

- Existing Certificates of Public Convenience and Necessity
- Kawartha Lakes Boundary and Existing Franchise Agreement
- Pipeline Coverage Area

### Customer Density

- Low Density
- Medium Density
- High Density



### Disclaimer:

The map is provided with no warranty express or implied and is subject to change at any time. Any person using the Density Map shall do so at its own risk and the Density Map is not intended in any way as a tool to locate underground infrastructure for the purposes of excavation.

# City of Kawartha Lakes

