

May 8, 2017

City of Toronto - Budget Committee
100 Queen St W
East Tower, 24th Floor
Toronto, Ontario
M5H 2N2

Dear Chair and Members of Budget Committee,

Re: BU32.6 - Proposed Short Stream Permit Fee

On May 11, 2017 Budget Committee will consider a recommendation of Transportation Services to implement a new application fee for all Short Stream utility permits. Enbridge Gas Distribution (Enbridge) was first informed at the March 1, 2017 meeting of the Toronto Public Utilities Coordinating Committee of the proposed fee and our feedback was subsequently requested in a written communication from the General Manager of Transportation Services on March 10, 2017.

We welcomed the opportunity – submitting a written response and attending a meeting with Transportation Services staff at their request on April 12 to discuss our concerns. We conveyed the following position:

We appreciate that a permit process is integral to The City of Toronto (The City) in being able to manage and protect its assets. We also appreciate the importance of the revenue from permit fees to the recovery of The City's reasonable costs of implementing a permitting process.

Still, it is important to highlight the significant existing revenue stream provided by Enbridge to The City through property taxes, and also how unique Enbridge is, as a utility, in this regard. Enbridge is unique amongst utilities in being the only one paying property taxes on its linear assets (every metre of pipe we have in the ground) – in The City this amounts to just over \$7.4 million of the approximately \$8.6 million paid in property taxes in 2016 – a revenue stream not provided by any other utility.

Therefore, each time Enbridge installs new pipe, there is an ongoing fiscal benefit to the City, year after year – unlike with any other utility. These funds, as intended, help cover the costs of services such as issuing permits. Still, we pay permit fees – the second of the two revenue streams provided to The City by Enbridge.

Permit fees are first charged to the utility to place assets in the right-of-way – typically a Full Stream permit fee in the amount of \$1282.55 (2016). To this we do not object. However, it is our position that the property taxes paid on the assets once they are placed in the ground, more than offset the cost to The City (\$243.32 – proposed) to administer a permit for the utility to maintain the very same assets. We believe this to be reasonable.

Furthermore, it is the very same taxpayers The City aims to protect through its cost recovery policy that bare the financial burden of permit fees. In fact, tax payments and permit fees are embedded in the delivery charge our customers pay on their monthly bill – so our ratepayers bear a financial burden exceeding that of the ratepayers of any other utility serving The City’s residents and businesses. Just as The City aims to protect its residents from the costs of client services, we too have a responsibility to protect our ratepayers, including those in The City itself, from rate increases resulting from new fees.

City staff has contemplated in their Staff Report the need to ensure that our property taxes “are reflected or accounted for” in the fees we pay. However, it is our hope that in recognition of the contributions of Enbridge as a municipal taxpayer, and the direct implications of municipal fees to the ratepayer, rather than to Enbridge, that Budget Committee will recommend to Council, an exemption to Enbridge and its ratepayers from payment of the new Short Stream permit fee.

We look forward to continuing to deliver safe, reliable and affordable energy to the people of The City. Should you wish to discuss this matter further, please do not hesitate to contact me.

Sincerely,



Mark Wilson
Sr. Advisor, Municipal Affairs

- c. Councillor Gary Crawford, Chair
- Councillor John Burnside
- Councillor John Campbell
- Councillor Shelley Carroll
- Councillor Gary Crawford
- Councillor Justin Di Ciano
- Councillor Mike Layton
- Barbara Gray, General Manager Transportation Services