

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order or Orders approving a new firm transportation service for gas distributors under the rate M17 rate class, effective December 1 , 2019;

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order or Orders modifying the applicability of the existing Rate M9 and Rate T3 rate schedules for existing gas distributors;

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order or Orders granting leave to construct natural gas pipelines and ancillary facilities in in the Municipality of West Grey and the Township of Chatsworth;

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order or Orders approving the form of various land agreements.

Energy Probe

Interrogatories to Enbridge Gas Inc.

November 14, 2019

EP-1

Reference: Exhibit D, Tab 1, Schedule 3, page 2

Preamble: “Appropriate costs have been attributed to EPCOR as a proportionate share of the cost of constructing this reinforcement of the Owen Sound System. The revenue from the Rate M17 service is insufficient to recover these costs and as a result an aid to construct from EPCOR of \$5.34 million is required. The aid is credited to the cost of this Project.”

Question:

- a) Please confirm that EPCOR is the only customer that is expected to provide a contribution-in-aid of construction (“CIAC”) for this project. Please explain your answer.
- b) Has EPCOR agreed to pay the \$5.34 million CIAC to Enbridge? If the answer is no, will the start of construction be delayed until EPCOR agrees to pay this amount. If the answer is yes, when is Enbridge expecting to receive it.
- c) If the actual project cost exceeds the \$63.625 million estimate, will Enbridge request that EPCOR pay a higher CIAC amount or does Enbridge expect to recover the excess cost from its other ratepayers?

EP-2

Reference: Exhibit D, Tab 2, Schedule 3, page 7

Preamble: “The rate and rate impacts of the Project will be determined in a future proceeding. Enbridge Gas expects the Project will meet the criteria for rate recovery during the deferred rebasing period through the use of the Board’s approved ICM mechanism.”

Question:

- a) Please confirm that Enbridge is not seeking ICM approval for this project in its 2020 Rates application, EB-2019-0194.
- b) Since the project is expected to be in-service in 2020, and Enbridge has not applied for ICM approval for 2020, and since the OEB does not approve ICM riders for completed projects, in which proceeding would Enbridge apply for ICM treatment for this project?
- c) Should Enbridge file an application for ICM approval in a future proceeding and obtains OEB approval, what impact would that have on the CIAC paid by customers and on the proposed M17 rate? Please explain your answer.

EP-3

Reference: Exhibit D, Tab 2, Schedule 4, page 2

Question:

- a) Please explain the incentives that Enbridge has in place to ensure that this project is completed on time and on budget.
- b) Are there any incentives for the project manager of this project to complete the project ahead of schedule or under budget? If the answer is yes, please describe the incentives. If the answer is no, please explain why not.

EP-4

Reference: Exhibit E, Tab 4, Schedule 1, page 1

Question:

- a) Please provide supporting information for the following cost estimates including back-up calculations and sources of data.
 - i. Materials \$5,518,000
 - ii. Construction and Labour \$46,343,000
 - iii. Contingencies \$7,439,000
 - iv. Interest During Construction \$770,000
 - v. Indirect Overhead \$8,895,000
 - vi. Contributions in Aid of Construction \$5,340,000
- b) Does the Project have any direct service connections? If the answer is yes, why is there no estimate for services?
- c) Do project costs in Exhibit E, Tab 4, Schedule 1, page 1, include the costs of stations. If the answer is yes, please provide the cost of stations. If the answer is no, please explain why not.
- d) The cost estimate does not include the following items: engineering, land, and regulatory costs. Are they included in other categories of costs? If they are, please explain where and provide estimates. If they are not, please explain why not.
- e) What costs are included in Indirect Overhead?
- f) Why is there no Direct Overhead?
- g) Please explain the conditions under which contingency funds of \$7.439 million would be released.