ONTARIO ENERGY BOARD

STAFF SUBMISSION
on Motion To Review And Vary The Phase 2
EPCOR Natural Gas LP 2020-2024 Rates Decision

EB-2019-0276

February 10, 2020

Background

EPCOR Natural Gas Limited Partnership (EPCOR Natural Gas) is a privately owned utility regulated by the Ontario Energy Board (OEB) that sells and distributes natural gas in southwestern Ontario. EPCOR Natural Gas serves over 9,000 customers in Aylmer and surrounding areas.

In November 2017, EPCOR Natural Gas purchased all the distribution assets from Natural Resource Gas Limited (NRG, the predecessor utility). In February 2019, EPCOR Natural Gas filed a cost of service application seeking approval to charge new rates for the sale and distribution of gas effective January 1, 2020 and approval of an incentive rate-setting plan for the period January 1, 2021 to December 31, 2024.[1] A settlement was reached on all issues between the parties. In the OEB-approved settlement proposal, parties agreed to address the costs of four capital projects completed by NRG in 2016 and 2017 in a future rates proceeding or as phase 2 of the current proceeding.

In the Decision and Interim Rate Order issued on July 4, 2019, the OEB accepted the settlement proposal and scheduled Phase 2 of the proceeding to review the four system integrity projects completed by NRG in 2016 and 2017.

NRG spent approximately $2.0 million in 2016 and 2017 on projects that it argued were necessary to address system integrity issues. EPCOR Natural Gas added these projects to rate base in order to determine the interim 2020 rates. The projects and their associated 2020 net book values were:

1. $402,639 for the Union Gas Bradley Station project (Bradley Station).
2. $748,383 for the pipeline from the Bradley Station to the Wilson Line project (Bradley x Wilson Line).
3. $498,922 for the pipeline from the existing Putnam Station to Culloden Line project (Putnam x Culloden pipeline).
4. $265,015 for the extension of the Springwater Road pipeline from south of Orwell to John West Line project (the Springwater pipeline).

In its Phase 2 submission in the rates proceeding, OEB staff supported the system integrity projects that were directly related to receiving additional supplies from Union Gas Limited (Union Gas) (now Enbridge Gas Inc.) at the Bradley Station (the Bradley Station Project and the Bradley to Wilson pipeline). With respect to the Springwater

[1] EB-2018-0336

pipeline, OEB staff submitted that the project should have resolved system integrity issues in the south where customers were paying a premium for locally sourced gas from a related company of NRG.

In the 2011 rates proceeding[2], NRG indicated that on a very cold day with heavy demand, it may not be able to get enough gas from its existing connections to Union Gas's system to maintain adequate pressure in certain parts of its distribution system. In order to ensure adequate pressure at all times, NRG maintained that it must also take local gas into its system. In the 2011 rates proceeding, NRG requested approval to purchase 2.4 million cubic metres of natural gas from NRG Corp. a related company, at a price of $8.486 per mcf. (roughly 30 cents per cubic metre, a significant premium from the market price).[3] In the 2011 rates decision, the OEB ordered NRG to complete a system integrity study that would examine possible engineering solutions and a competitive market study that would consider the mechanics of establishing a competitive market for natural gas using local sources within NRG's franchise area.[4] In the meantime, the OEB allowed NRG to purchase a maximum annual quantity of one million cubic meters from the affiliate at a premium price of $8.484 per mcf.

NRG filed two studies related to system integrity in August 2016 as part of its cost of service application which was later withdrawn due to the impending sale to EPCOR Natural Gas.[5] EPCOR Natural Gas filed the same two studies in the cost of service application.[6] The first study, completed by SNC-Lavalin, examined system pressure issues and recommended engineering solutions while the second study, completed by Dr. Philip Walsh, assessed the market for locally-sourced gas and recommended procurement solutions.

OEB staff, in its Phase 2 submission in the 2020-2024 rates proceeding[7], agreed that the Springwater project did increase flows to the southern part of the distribution system where pressure issues had been identified in the 2011 rates proceeding.[8] OEB staff argued that the Springwater project should have resolved system integrity issues in the southern part of the system where customers were paying for locally sourced premium priced gas and accordingly submitted that the project should be allowed to be entered into rate base as of January 1, 2021 (2021 rates) in line with EPCOR Natural Gas' proposal to stop purchasing locally produced premium priced gas effective

[2] EB-2010-0018
[3] NRG Argument-in-Chief Phase 2, EB-2010-0018, December 23, 2011, p.17
[4] OEB Decision and Order, Phase 2, May 17, 2012
[5] EB-2016-0236
[6] EB-2018-0336
[7] EB-2018-0336
[8] EB-2010-0018

September 30, 2020. The OEB in its Phase 2 decision agreed with OEB staff's submission and approved the inclusion of the Springwater Pipeline project in rate base for the rate year following the transition to a fully market based supply of gas. The OEB referenced the response to an OEB staff interrogatory in which EPCOR Natural Gas noted that the Springwater pipeline and other projects improved north to south flows of gas into the southwest area of the franchise reducing any requirement for locally produced gas. EPCOR Natural Gas further noted that "this in turn would reduce the requirement for locally produced gas in the southeast to support markets in the southwest."[9]

With respect to the Putnam to Culloden pipeline, OEB staff submitted that it was not a system integrity project. OEB staff argued that spending on this project should have been allocated to projects that would have reduced or eliminated reliance on locally produced premium priced gas and diminished the market power exercised by NRG Corp. OEB staff further noted that the SNC-Lavalin system integrity study did not recommend the Putnam to Culloden pipeline. The evidence of EPCOR Natural Gas indicated that the new pipeline looped the existing pipeline along Culloden Line, thereby improving operational flexibility and reliability. OEB staff argued that the pipeline project was aimed to support future growth and it was not clear how this was a system integrity project. On the basis of these arguments, OEB staff submitted that the Putnam to Culloden pipeline should be permanently excluded from rate base.

In its Phase 2 decision, the OEB stated that it was not clear if there was a comprehensive re-assessment of the overall capital plan once the additional supply of natural gas from Union Gas became available. The OEB indicated that greater priority should have been given to addressing the system integrity issues and reducing or eliminating NRG's dependence on the locally produced premium priced gas supply from NRG Corp.

The Putnam to Culloden Pipeline project had multiple objectives of alleviating system integrity issues, improving system reliability, and facilitating future growth in the northeast area. However, the OEB decided that insufficient evidence was provided on what the other options were, or what options should have been considered to address possible system integrity issues. The OEB was not persuaded that the Putnam to Culloden Pipeline project had a material impact on the system integrity issue. The OEB noted that NRG should have prioritized capital spending to address the premium paid for locally produced gas. The OEB maintained that it was not persuaded that a robust capital planning and prioritization process was used to arrive at the most appropriate

[9] OEB staff IRR#4, Phase 2.

solution for ratepayers. Customers should not be expected to pay for capital planning that does not appropriately prioritize projects to address the most important system issues. The net book value of the Putnam to Culloden Pipeline project was therefore excluded from the 2020 rate base. Whether this was a permanent exclusion from rate base was to be determined in the next cost of service rate application on a prospective basis according to the OEB. EPCOR Natural Gas was provided an opportunity to present evidence as part of its next cost of service rate application (for 2025 rates) to justify the overall usefulness of the project, and the benefit to the system and ratepayers.

Of the four system integrity projects that were subject of the Phase 2 rates proceeding[10], the OEB allowed two projects (the Bradley Station Project and the Bradley to Wilson pipeline) to be entered into the 2020 rate base. The Springwater pipeline was permitted to be included in the 2021 rate base while the Putnam to Culloden pipeline was excluded until further evidence was presented in the next rebasing application (currently expected for 2025 rates).

EPCOR Natural Gas Motion to Review and Vary

On December 4, 2019, EPCOR Natural Gas filed a Notice of Motion to Review and Vary the OEB's Phase 2 Decision and Order in EB-2018-0336 (Motion), in accordance with Rules 40 and 42 of the OEB's *Rules of Practice and Procedure*. EPCOR Natural Gas brought forward the motion to repeal the OEB's decision to disallow the cost of the Putnam to Culloden pipeline to its 2020 rate base.

EPCOR Natural Gas filed the Motion on the following basis:

a) facts that were not previously placed in evidence in the proceeding and could not have been discovered by reasonable diligence at the time are now available to EPCOR Natural Gas and should be considered by the OEB; and
b) the OEB committed errors of fact that raise doubts as to the correctness of the Phase 2 Decision and Order in EB-2018-0336.

EPCOR Natural Gas also filed an affidavit of Mr. Brian Lippold, the general manager of EPCOR Natural Gas in support of the motion. According to EPCOR Natural Gas, Mr. Lippold provided critical additional information in the affidavit that was not previously available to the company, regarding the manner and extent to which the Putnam to Culloden pipeline had a material impact on system integrity issues. Mr. Lippold was on

[10] EB-2018-0336

an extended medical leave and was not able to provide information in support of the rates application.[11]

The OEB in Procedural Order (PO) No. 1 issued on December 17, 2019, determined that it would dispense with the threshold question and hear the Motion to Review and Vary on its merits. The OEB also granted intervenor status to all intervenors of the EB-2018-0336 proceeding in this Motion to Review and Vary.

The OEB also allowed further discovery on the affidavit of Mr. Lippold through interrogatories and scheduled final arguments on the Motion.

OEB staff has reviewed the affidavit of Mr. Lippold and the interrogatory responses. Given the nature of the new evidence and information that was not previously available to the OEB, OEB staff has come to the conclusion that the Putnam to Culloden pipeline was required and genuinely contributed to resolving system pressure issues in the area of Brownsville.

OEB Staff Submission

Part VII (sections 42 to 45) of the Board's *Rules of Practice and Procedure* deals with the review of decisions of the OEB. Rule 42.01 provides that "any person may bring a motion requesting the OEB to review all or part of a final order or decision, and to vary, suspend or cancel the order or decision". Rule 42.03 requires that the notice of motion for a motion under 42.01 shall include the information required under Rule 44. Rule 44.01 provides as follows:

> Every notice of motion made under Rule 42.01, in addition to the requirements of Rule 8.02, shall:
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> > (a) set out the grounds for the motion that raise a question as to the correctness of the order or decision, which grounds may include:
> >
> > > (i) error in fact;
> > > (ii) change in circumstances;
> > > (iii) new facts that have arisen;
> > > (iv) facts that were not previously placed in evidence in the proceeding and could not have been discovered by reasonable diligence at the time; and

[11] EB-2018-0336

> (b) if required, and subject to Rule 42, request a stay of the implementation of the order or decision, or any part pending the determination of the motion.

EPCOR Natural Gas in its Notice of Motion referred to two specific grounds of motion: (i) errors of fact and (iv) evidence that was not included in the proceeding and could not have been discovered by reasonable diligence at the time.

The OEB in PO No. 1 dispensed with the threshold question and decided to hear the Motion on its merits. OEB staff will therefore focus on the merits of the Motion, specifically the significance of the new information provided by Mr. Lippold and its impact, if any, on the determinations made in the Phase 2 decision.

OEB staff recognizes that NRG was not a large utility, and did not have a large staff. Mr. Lippold was the General Manager of NRG (as he is of EPCOR Natural Gas) and was the person best placed to understand the rationale behind capital projects undertaken by the previous owner of the utility, namely NRG. With Mr. Lippold unavailable to participate in the proceeding on account of a medical issue, it is perhaps not surprising that EPCOR Natural Gas was unable to provide the level of detail in the original application that has now been provided through Mr. Lippold's affidavit. However, OEB staff does note that NRG being a regulated utility should have maintained adequate documentation with respect to operational matters. Relying on the institutional memory of a single individual is not the appropriate approach to manage a regulated utility that is required to provide significant documentation in support of its position to the regulator. The question is whether the utility should be held accountable for this lapse.

In its evidence in Phase 2 of the rates proceeding, EPCOR Natural Gas submitted that the Putnam to Culloden pipeline addressed low pressure issues around the area of Brownsville as well as improved system reliability and operational flexibility.[12] However, the evidence did not provide details of the pressure issues or explain the severity of the issue. Similarly, in its reply submission of the rates proceeding, EPCOR Natural Gas submitted that the northeast and southwest areas of the franchise experienced low pressure issues and the system integrity projects in question were required. NRG experienced low system pressure in several areas of its franchise since 2011. EPCOR Natural Gas in its evidence in Phase 2 of the rates proceeding could not precisely explain the severity of the situation and identify the specific reasons for the particular

[12] Phase 2 Evidence, August 1, 2019, p.12.

attention to Brownsville. The issue was explained in the affidavit of Mr. Lippold and subsequent interrogatory responses. This critical information was not available to the OEB during the rates proceeding.[13]

In the affidavit, Mr. Lippold explained the pressure issues and how NRG dealt with low system pressure on a daily basis. Mr. Lippold noted that the operations manager had to routinely work very long hours in order to monitor system pressures and had to dispatch technicians to adjust pressure. The dispatch technicians would often have to attend control stations alone, in the dark, and at temperatures below -20 degrees Celsius. The affidavit further notes that at that time, the control stations lacked an alarm mechanism with the exception of one dedicated high pressure steel line. NRG (now EPCOR Natural Gas) is a small utility and lacks the sophisticated monitoring equipment that exists in the Union Gas or Enbridge Gas Distribution rate zones.

In response to an interrogatory, EPCOR Natural Gas estimated that dispatch technicians were called, outside of regular work hours, 55 times in 2014, 30 times in 2015 and 40 times in 2016.[14] In the fall of 2014, NRG experienced system pressure drops in the northeast area near Brownsville, to as low as 5 psi. This pressure drop occurred several times during the cold spell of 2014 and there was a real risk of interrupting customers in the Brownsville area. In fact, low pressure issues culminated in the interruption of service to industrial-commercial customers, who had an interruptible contract, in the northeast and northwest area of the franchise. OEB staff notes that this information was not available in the rates proceeding.

EPCOR Natural Gas did note that each system technician maintains a physical pressure check log book, containing every pressure check. These entries do not differentiate between routine pressure checks and incidents when dispatch technicians had to physically attend control stations due to low system pressure in the northeast area. EPCOR Natural Gas in an interrogatory response confirmed that the pressure records demonstrated a low pressure problem in the Brownsville area.[15] OEB staff submits that information from the pressure check log book was available to EPCOR Natural Gas at the time of preparing its rates application and was not dependent on the memory of Mr. Lippold. However, the affidavit does note that system pressure monitoring was assigned to a small team of dispatch technicians, either by phone or text. Therefore, there is no documentation to demonstrate the frequency of low pressure issues or support the severity of system pressure issues in the northeast area.

[13] EB-2018-0336
[14] Response to OEB staff IR#1.
[15] Response to OEB staff IR#1a.

Mr. Lippold in his affidavit (p.13, para 46) states:

> As General Manager, I could not, for another heating season, continue to risk the safety of the Operations Manager and dispatch technicians who were continuously monitoring system pressures in challenging conditions, nor could I accept the risk of dangerous system outages or interrupted service to NRG's customers. These risks were particularly high in the Northeast quadrant of the system.

After the construction of Putnam to Culloden pipeline, EPCOR Natural Gas confirmed that technicians did not need to physically attend to system pressure in the northeast area of the system and the pressure around the Brownsville area did not register pressures below 60 psi at any time during the winter of 2018-2019.[16]

In light of the new information, OEB staff agrees that there was a risk to the safe operation of the utility, and a risk of loss of service to customers, and that the Putnam to Culloden pipeline was therefore a prudent system integrity project. In his affidavit, Mr. Lippold has provided details justifying the Putnam to Culloden pipeline. Since NRG was receiving additional supplies through the Bradley Station and the Bradley to Wilson pipeline was delivering the additional volumes to the west and southwest areas of the system, gas could be diverted from the Putnam Station to achieve increased pressures in the northeast area. The Putnam to Culloden pipeline was developed to deliver gas from the Putnam Station to the northeast area which was experiencing low system pressure.[17] NRG redirected the gas from Putnam Station so that the gas flowed to Brownsville through the Putnam to Culloden pipeline.[18]

In its submission in the rates proceeding, OEB staff questioned the need to loop the line and building the Putnam to Culloden pipeline in order to improve system reliability through a two-way feed. In an interrogatory response in this proceeding, EPCOR Natural Gas clarified that a two-way feed is common practice for gas utilities as it allows continuity of service during line maintenance and partial asset replacement. The new pipeline protects hundreds of customers by eliminating one way feeds on both Cromarty Drive and Culloden Road.[19]

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[16] Response to OEB staff IR#1c.
[17] Affidavit of Mr. Brian Lippold, p. 12.
[18] Response to OEB staff IR#6a
[19] Response to OEB staff IR#8

Although OEB staff is of the opinion that NRG should have documented the history of low pressure issues in the northeast area, OEB staff is prepared to accept the affidavit of Mr. Lippold as new evidence which could not have been reasonably discovered during the rates proceeding. Mr. Lippold was the only key management staff in the small utility and it is possible that he had unique knowledge and information that was not privy to other staff members and unfortunately not documented. In this case, OEB staff submits that the OEB should accept that the new information meets the new evidence test.

In light of the information provided in the affidavit of Mr. Lippold, OEB staff agrees that the Putnam to Culloden pipeline was a prudent system integrity project. However, OEB staff does not agree with EPCOR Natural Gas's assertion that the OEB erred in the Phase 2 decision by not allowing the Putnam to Culloden pipeline to be entered into rate base. EPCOR Natural Gas identified three areas in its Notice of Motion where the OEB committed errors in arriving at its decision.

1) EPCOR Natural Gas disagreed with the OEB's view that the utility had provided insufficient information on how NRG prioritized system integrity spending for the distribution system and the criteria that it used to prioritize the spending. EPCOR Natural Gas noted that NRG appropriately studied and considered two pipeline route options in order to address severe low pressure issues in the northeast of NRG's franchise area around Brownsville. OEB staff submits that the reference to prioritizing system integrity spending refers to the entire distribution system and not to the northeast area. The evidence is clear that NRG did not have a formal process of prioritizing capital projects. In response to an interrogatory, EPCOR Natural Gas confirmed that NRG did not develop a scoring matrix or formal process to prioritize capital spending.[20] A utility must follow a formal process that would allow the OEB to understand how a utility prioritizes spending and the criteria used to select and allocate spending to a project. EPCOR Natural Gas did not provide a capital plan in the rates proceeding that provided a ranking of each project based on relevant criteria and establish a need for the projects in question, especially those related to system integrity.

2) EPCOR Natural Gas submitted that the OEB did not appropriately consider the option that was selected by NRG's management to address system pressure issues in the Brownsville area. EPCOR Natural Gas noted that the record

[20] Response to OEB staff IR#7.

demonstrates that NRG appropriately studied the SNC-Lavalin proposal before NRG exercised its discretion to proceed with the Putnam to Culloden pipeline.

OEB staff notes that the Putnam to Culloden pipeline was not recommended by SNC-Lavalin. Further, SNC-Lavalin was not asked to evaluate the Putnam to Culloden pipeline and revisit the study in light of the significant new volumes that were available from Union Gas.[21] To this end, EPCOR Natural Gas noted that NRG did not see value in having SNC-Lavalin update the study.[22] OEB staff submits that an independent third-party that was specifically selected for conducting a system integrity study did not recommend the project and the Putnam to Culloden pipeline project was completed at the discretion of NRG management without a formal or quantitative process to determine its need. Based on the information that was available to the hearing panel in the rates proceeding, there was no error in arriving at the decision that was made in that proceeding.

However, the affidavit does identify five options that NRG discussed with Union Gas to alleviate system pressure issues in the northeast area near Brownsville.[23] None of the options were considered feasible and ultimately Union Gas agreed to provide additional gas supply at the Bradley Station. These options were not discussed in the rates proceeding. The affidavit points out that the Putnam to Culloden pipeline was a superior option over the SNC-Lavalin recommendation as it allowed for the delivery of high pressure gas into Brownsville utilizing a larger diameter pipe along a more direct and shorter route. The pipeline also did not rely on incremental pressure at Putnam Station and further improved reliability by implementing a two-way feed.

3) EPCOR Natural Gas asserts that the OEB erred in its determination that EPCOR Natural Gas/NRG should have given greater priority to reducing or eliminating EPCOR Natural Gas's dependence on locally produced premium priced natural gas, rather than constructing the Putnam to Culloden pipeline. OEB staff disagrees with the above statement. The OEB in its Phase 2 decision did not state that EPCOR Natural Gas should have given greater priority to reducing dependence on locally produced premium priced gas in place of constructing the Putnam to Culloden pipeline. The OEB in its Phase 2 decision noted:

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[21] Response to OEB staff IR#3a.
[22] Response to OEB staff IR# 3b.
[23] Affidavit of Brian Lippold, pp. 7-8.

> Greater priority should have been given to addressing the system integrity issues and reducing or eliminating NRG's dependence on the locally produced premium priced gas supply from NRG Corp. The latter issue of premium priced local gas was first raised by the OEB in the 2011 rates proceeding where the OEB expressed concern of NRG Corp.'s market power.[24] The OEB is not convinced that there were other greater priorities in the past seven years that precluded NRG or EPCOR Natural Gas from taking concrete steps to address the issue of locally produced premium priced gas and the incremental cost to ratepayers for such premium gas. EPCOR Natural Gas has stated that the Putnam to Culloden Pipeline project had multiple objectives of alleviating system integrity issues, improving system reliability, and facilitating future growth in the northeast area. However, insufficient evidence has been provided on what other options were, or should have been considered to address these issues.[25]

The OEB in its Phase 2 decision noted that there was no evidence that NRG had taken any concrete steps to reduce dependence on locally produced premium priced gas. Clearly, the related company NRG Corp. was benefitting from this arrangement. In response to an interrogatory, EPCOR Natural Gas noted that it was aware that Metalore Resources Limited (Melatore) had discussions with NRG on more than one occasion about supplying natural gas to NRG. EPCOR Natural Gas also had discussions in 2018 with Melatore but Melatore indicated that its break-even price is close to $4 per GJ ($4.283 per mcf).[26] However, there is no evidence that NRG tried to negotiate a lower price than $8.486 per mcf (that was being paid to NRG Corp.) to obtain additional supplies from Melatore rather than paying the premium to NRG Corp.

Further, in its Phase 2 decision, the OEB alluded to the fact that EPCOR Natural Gas did not provide sufficient evidence to demonstrate the need for the Putnam to Culloden pipeline. OEB staff agrees that EPCOR Natural Gas did not provide sufficient details to justify the Putnam to Culloden pipeline and the fact that the SNC-Lavalin study did not recommend the pipeline further impacted the legitimacy of the need. However, OEB staff notes that the affidavit of Mr. Lippold does provide the additional evidence and justification for the pipeline. In terms of other options, the affidavit discusses five specific options that were considered and NRG finally decided to proceed with the sixth option, construction of the

[24] OEB Decision and Order, Phase 2, EB-2010-0018, May 17, 2012, p.8.
[25] OEB Decision and Order, Phase 2, EB-2018-0336, October 24, 2019, pp. 11-12.
[26] Response to OEB staff IR#11b.

Putnam to Culloden pipeline.[27] In other words, NRG did consider a number of options before proceeding with the Putnam to Culloden pipeline.

On January 24, 2020, EPCOR Natural Gas provided a correction to the Profitability Index (PI) calculation of the Putnam to Colluden and enabling pipelines (additional pipelines that allowed customer connections). The revised PI as per EBO 188 Guidelines is 0.81 which would qualify as a distribution system expansion project. However, EPCOR Natural Gas categorized the project as a system integrity project which does not require a PI calculation. OEB staff, through an interrogatory, inquired as to why the pipeline was not classified as a system expansion project. In response, EPCOR Natural Gas noted that the Putnam to Culloden pipeline was first and foremost constructed to eliminate low pressure issues in the Brownsville area. The ability to add new customers and potentially respond to the needs of customers and local government was always a secondary (but nonetheless important) benefit of the project.[28]

OEB staff submits that the affidavit of Mr. Lippold provides the required evidence to justify the construction of the Putnam to Culloden pipeline. Furthermore, the revised PI calculation demonstrates that the project meets the minimum required PI for a distribution system expansion.[29] In other words, the project could have also qualified as a distribution system expansion project.

In light of the information filed in this proceeding, OEB staff submits that the OEB should set aside the Phase 2 decision in EB-2018-0336 to disallow the inclusion of the Putnam to Culloden pipeline to EPCOR Natural Gas's rate base and allow the requested project cost of $498,922 to be added to 2020 rates. OEB staff has no concerns with respect to the cost of the Putnam-Culloden pipeline or the manner in which the costs have been allocated to the rate classes.

If the OEB accepts OEB staff's submission on the Motion, there would be no need to correct the final rate order for 2020 rates. The OEB approved the establishment of the 2016-2017 System Integrity Capital Deferral Account in the approved Phase 1 settlement proposal. The deferral account specifically deals with the revenue requirement impact of the four system integrity projects. This account currently has no balance as two of the projects (Bradley Station and Bradley to Wilson) are already in rate base. The Springfield project is approved to go into the 2021 rate base. This

[27] Affidavit of Brian Lippold, pp. 6-9.
[28] Response to OEB staff IR#9.
[29] Final Report of the Board, January 30, 1998, E.B.O. 188, p. 20, section 4.3.2 (the Board finds that all projects must achieve a minimum threshold PI of 0.8 for inclusion in a utility's Rolling Project Portfolio.)

account could record the 2020 revenue requirement impact of the Putnam to Culloden pipeline and the balance can be disposed of in the annual rate adjustment. Furthermore, any adjustment to rate base can be reviewed in the next rate application.

– All of which is respectfully submitted –