

BY E-MAIL

March 11, 2020

Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
BoardSec@oeb.ca

Dear Ms. Long:

**Re: Enbridge Gas Inc.
North Bay Community Expansion Project
OEB Staff Interrogatories to Applicant
OEB File No. EB-2019-0188**

In accordance with Procedural Order No. 1, please find attached the OEB staff interrogatories for the above proceeding. This document has been sent to Enbridge Gas Inc. and intervenors.

Enbridge Gas Inc. is reminded that its response to the interrogatories are due by March 27, 2020.

Yours truly,

Original signed by

Azalyn Manzano
Advisor

c. Applicant, Pollution Probe and Environmental Defence

Encl.

**ENBRIDGE GAS INC.
NORTH BAY COMMUNITY EXPANSION PROJECT
EB-2019-0188**

OEB STAFF INTERROGATORIES

OEB Staff No. 1

Ref.: Exhibit A, Tab 2, Schedule 1, page 2
Exhibit B, Tab 1, Schedule 3
Exhibit B, Tab 2, Schedule 2

Preamble

Enbridge Gas Inc. (Enbridge Gas) requests leave to construct approximately 27 kilometers of small diameter (NPS 1.25 to NPS 4) polyethylene distribution pipelines and to rebuild a regulating station in the City of North Bay to serve the Northshore and Peninsula Roads area (Project). The proposed pipeline will connect to Enbridge Gas' existing distribution system on Trout Lake Road. Two other alternative routes were considered.

Enbridge Gas states that the facilities have been sized to meet the 10-year forecast in the Project area. There are currently 394 potential attachments (391 residential and three commercial) in the area. Enbridge Gas forecasts a total of 134 attachments (126 residential, five seasonal, three small commercial attachments) by year 10. Enbridge Gas states that it has spread the attachments over 10 years using the same approach as that applied to recent community expansion projects such as Milverton, Rostock and Wartburg.

On February 17, 2020, there were two letters of comment received by the OEB. Both letters expressed a request for natural gas service on Shorewood Road.

Questions

- a) Please provide a map showing the location and lengths of the various pipeline size segments along the route of the proposed Project.
- b) Please provide the total peak hourly capacity at the inlet to the NPS 4 pipeline. Please provide the total peak hourly demand underpinning the 10-year forecast at the inlet to the NPS 4 pipeline. If the total peak hourly capacity at the inlet is higher than the total peak hourly demand, please explain why.

- c) Please provide a map indicating the minimum pipe size(s) along the route of the Project, with all other variables being equal (i.e. load forecast, pressures etc.), required to meet the hourly demand underpinning the 10-year forecast in the Project area. If the minimum pipe size(s) is different from what is being proposed in the application, please justify the difference. Please provide the cost of the Project if the minimum pipe sizes were used.
- d) If the proposed plastic system was operated at a higher pressure (e.g. 520 kPa/75 psi), could it be downsized, and if so, please estimate the cost savings of doing so.
- e) Homeowners on Shorewood Road have filed letters of comment requesting natural gas service.
 - i. Please explain why Shorewood Road was not included in the Project.
 - ii. Please provide the potential attachments and forecast attachments for Shorewood Road.
 - iii. If Enbridge Gas were to serve customers on Shorewood Road, what would be the incremental capital cost to serve these customers?
 - iv. Please provide the PI calculation for the Project if Shorewood Road was included in the Project route. Please identify any capital contribution that may be required.
- f) Enbridge has proposed to construct a new station.
 - i. Please provide the capacity of the existing station and the proposed capacity of the new station (i.e. m³/hr).
 - ii. How much additional capacity, in m³/hr, is required to meet the 10-year forecast in the Project area?
 - iii. What pressures are the existing system operating at and what are the proposed pressures of the Project?
- g) Please provide cost estimates and any changes to forecast attachments for all of the alternatives routes identified in the application.
- h) Please provide comparisons between the forecast and actual customer attachments in recent community expansions projects.

OEB Staff No. 2

Ref.: Exhibit B, Tab 1, Schedule 1, pages 2 to 6

EB-2019-0187, Enbridge Gas Interrogatory Response to OEB Staff IR
#1(b)

Preamble

Under Section 36 of the OEB Act, Enbridge Gas is asking for approval of a System Expansion Surcharge (SES) rate of \$0.23/m³ for the Proposed Project Area. Enbridge Gas states that, consistent with the 2015 Community Expansion application¹, the SES term will begin when the Project goes into service and expire at the end of the calendar year required for the Project to meet a P.I. of 1.0. Enbridge Gas states that for the Project, the SES term will extend for the full economic life of the Project, since a full 40 year term is required to reach the minimum P.I. of 1.0. As such, the requested SES term is 40 years, which will expire on November 1, 2060.

In its interrogatory response to OEB staff's IR#1(b) in Enbridge Gas' Saugeen First Nation LTC proceeding², Enbridge Gas noted that it applied different SES treatments for community expansions in the EGD rate zone and the Union rate zones. OEB staff understands the difference to be that in the EGD rate zone, when the PI is recalculated, Enbridge Gas would reduce the term of the SES if the PI exceeds 1.0. In contrast, in the Union rate zones, when the PI is recalculated, and the PI exceeds 1.0, Enbridge Gas would not reduce the term of the SES. OEB staff also understands that Enbridge Gas expects to treat the SES in the Union Gas rate zones differently than the SES in the EGD rate zone until rate harmonization is realized.

Enbridge Gas' application for this Project also states that to the extent any further extensions to the pipeline systems proposed in this Project are made, Enbridge Gas proposes that the approved SES term for the project be applied to customers attaching to those future extensions. Enbridge Gas states that the term for future extension customers may be extended beyond the initial term, and/or a contribution in aid to construct (CIAC) may be assessed for the future extension to meet a minimum P.I. of 1.0.

Questions

- a) Please confirm whether OEB's staff understanding of the different treatments of SES for system expansion projects in the EGD and Union Gas rate zones

¹ EB-2015-0179

² EB-2019-0187

is correct.

- b) Further to question a) above, for system expansion projects that are completed in the Union rate zones, if the profitability index (PI) of the Project is to be tracked, and customer additions are greater than forecast and the PI reaches 1.0 before the end of the 40-year term, why would the SES period not be shortened?
- c) For this specific Project, please confirm which SES treatment is being applied.
- d) Please specify how often the PI for this Project would be updated with actuals and reported to the OEB.
- e) Is Enbridge Gas proposing to bear the risk of any capital cost overruns incurred by this Project over the ten-year rate stability period?
- f) Please confirm if Enbridge Gas is planning any further expansions in the Northshore and Peninsula Roads area. If there are expansions to the proposed project, please provide an example of how Enbridge Gas proposes to calculate the PI for further expansion. Will the cost of further expansions be added to the total cost of the Project, and the PI re-calculated accordingly, or will the expansion have its own PI calculation based on the revenues attributable only to the expansion?

OEB Staff No. 3

Ref.: Exhibit B, Tab 1, Schedule 4, page 1
Exhibit B, Tab 2, Schedule 6

Preamble

Enbridge Gas states the total estimated 10-year cost for the Project is approximately \$10.1 million. This cost is offset by \$8.7 million of funding provided through Bill 32, for a net capital investment by Enbridge Gas of approximately \$1.4 million over the 10 years.

The estimated cost covers all costs related to materials, construction and labour required to construct distribution mains, and a regulating station. This figure also includes estimated land costs and environmental costs.

Question

Please provide a table, similar to the table below, comparing the costs of the Project to three or more comparable projects completed by Enbridge Gas in the last five years broken down by pipe size, length, material, pressure class, material cost, construction/labour cost, other cost (i.e. land, legal, regulatory etc.), contingency, total project cost and year of construction.

Project	Pipe size	Length	Material	Pressure class	Material cost	Construction / labour	Other Cost	Project Contingency	Total Project Cost	Construction year
XYZ	NPS 4	2 km	Plastic	LP	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	20XX
	NPS 8	4.3 km	Steel	XHP	\$ XX	\$ XX				
YYZ	NPS 6	2 km	Steel	HP	\$ XX	\$ XX	\$ XX	\$ XX	\$ XX	20XX

OEB Staff No. 4

Ref.: Exhibit B, Tab 2, Schedule 5b
Exhibit B, Tab 2, Schedule 6
Enbridge Gas Inc. Conditions of Service for Union Rate Zones, Section 2.3

Preamble

The total estimated 10-year cost of \$10.1 million includes approximately \$8.1 million for Pipeline & Station Capital costs, and approximately \$2 million for Service, M&R Installation. The DCF calculation in the application shows 40 years of SES Revenue as part of the total Cash Inflow, set against the total capital Cash Outflow of approximately \$1.4 million.

Enbridge Gas' Conditions of Service for Union Rate Zones states that customers are charged for the installation of gas service laterals beyond 30 metres. Beyond 30 metres, customers are billed as calculated using Enbridge Gas' test of economic feasibility for service lateral extensions in the Union Rate Zones.

Questions

a) Please confirm that only the customer connection costs associated with 30

metres of service laterals are included in the capital costs for this Project.

- b) Please confirm that Enbridge Gas is using the customer connection policy with the standard 30 metres to determine when the application of specific service charges (e.g. contribution in aid of construction) should begin to apply. If not, please explain why.
- c) What is the customer connection policy for other expansion projects? Please explain if there are any differences, and how this aligns with the customer connection policy in Enbridge Gas' Conditions of Service for the Union Rate Zones and the Enbridge Gas Distribution Rate Zone.
- d) Please provide if known, or otherwise estimate, the number of customers who would require a service lateral in excess of 30 metres. Please confirm that these customers will be required to pay the capital contribution associated with a service lateral incremental to the first 30 metres. If so, please provide if known, or otherwise estimate, the average amount that these customers would be required to pay as a capital contribution.

OEB Staff No. 5

Ref.: Exhibit B, Tab 1, Schedule 2, pages 1 to 2

Preamble

Enbridge Gas held a public information session in June of 2019 to provide general Project information and solicit any public questions or concerns. A door-to-door survey was also completed for the Project in January 2018. The survey also requested information pertaining to dwelling characteristics, use of dwelling, current fuel type and interest in converting to natural gas-fuelled appliances. Of the 394 potential residential and commercial properties in the Project area, 193 completed the survey.

Questions

- a) Please provide any questions or concerns raised during the public information sessions and survey and Enbridge Gas' response.
- b) Please provide a copy and results of the survey that was conducted for the Project.

- c) Please provide a copy of the materials used by Enbridge Gas to inform potential customers in the area about the System Expansion Surcharge.

OEB Staff No. 6

Ref.: Exhibit B, Tab 1, Schedule 6, page 2

Preamble

Enbridge Gas states that approvals are pending from the Municipality of North Bay, Ministry of Transportation Ontario, Ministry of Tourism - Culture and Sport, Ministry of Natural Resources & Forestry, and the North Bay-Mattawa Conservation Authority.

Question

Please provide an update on the status of these approvals.

OEB Staff No. 7

Ref.: Exhibit B, Tab 1, Schedule 7, page 1-3
Exhibit B, Tab 2, Schedule 12

Preamble

A copy of the EPP has been submitted to the Ontario Pipeline Coordinating Committee (OPCC), local municipalities, government agencies, and Indigenous communities. The summary will continue to be updated as additional comments are received.

Enbridge Gas retained a Cultural Heritage Specialist to complete a Cultural Heritage Study for the Project. The report was sent to the Ministry of Tourism, Culture and Sport (MTCS) on April 2, 2019, and was accepted by the Ministry on May 7, 2019. Enbridge Gas also retained a licensed Archaeologist to complete an Archaeological Assessment for the Project. The Archaeological Assessment Report was submitted to the Ministry of Tourism, Culture and Sport on February 8, 2019 and approval was received on July 18, 2019.

Questions

- a) Please discuss the process used by Enbridge Gas to determine that an Environmental Report is not required. If there are any checklists or screening tools, please file the ones used.
- b) Please file an update of the comments (in tabular format) that Enbridge Gas received as part of the OPCC review and in any public consultation (e.g. updates on the hydrogeological report submitted to the Ministry of the Environment, Conservation and Parks). Include the dates of communication, the issues and concerns identified by the parties, as well as Enbridge Gas' responses and actions to address these issues and concerns.
- c) Please provide a copy of the letter from the Ministry of Tourism, Culture and Sports approving the Archaeological Assessment Report submitted to the ministry.
- d) Please provide a copy of the letter from the Ministry of Tourism, Culture and Sports accepting the Cultural Heritage Report submitted to the ministry.

OEB Staff No. 8

Ref.: Exhibit B, Tab 2, Schedule 18

Preamble

The Indigenous Consultation Report in the application lists consultation activities until April 27, 2018.

Question

Please file any comments received from any Indigenous groups regarding the Project since April 27, 2018.

OEB Staff No. 9

Ref.: Exhibit B, Tab 1, Schedule 8, page 1-3
Exhibit B, Tab 2, Schedule 16a and 16b
Exhibit B, Tab 2, Schedule 17

Preamble

Enbridge Gas stated that approximately 9 km of the proposed facilities are within forced roads. These road allowances are considered to be forced roads because they cross private property and have been maintained by the municipality as a public highway for many years. Enbridge Gas is aware of only one landowner dispute (not a legal claim) related to the forced road on that property.

Enbridge Gas requires permanent easement and temporary land use rights to complete the North Bay Community Expansion project. Enbridge Gas will therefore require the OEB's approval of the form of easement agreement that it has offered or will offer to the affected landowners.

Questions

- a) Please explain the process involved in resolving situations involving forced road allowances such that a proponent may construct facilities that occupy the land in question. Please provide a letter from the municipality indicating Municipal Consent, with its authority to do so under the *Municipal Act*.
- b) Does the landowner dispute relating to the forced road affect the Project? If it does affect the Project, how does it affect the Project and what mitigation measures are in place or are being negotiated?
- c) What is the current status and negotiations with landowners of properties where permanent easement and temporary land use rights are needed?
- d) Please confirm whether the form of permanent easement and temporary land use agreement filed as part of the application has been previously approved by the OEB. If so, please provide the OEB case number and project name in which these forms of easement agreement were last used.

OEB Staff No. 10

Ref.: Exhibit A, Tab 2, Schedule 1

Preamble

The OEB Act permits the OEB, when making an order, to “impose such conditions as it considers proper.”³

Question

³ OEB Act, s. 23

OEB staff has prepared the following draft Conditions of Approval. If Enbridge Gas does not agree to any of the draft conditions of approval noted below, please identify the specific conditions that Enbridge Gas disagrees with and explain why. For conditions in respect of which Enbridge Gas would like to recommend changes, please provide the proposed changes and an explanation of the changes.

**Enbridge Gas Inc.
North Bay (Northshore and Peninsula Roads) Community Expansion Project
(EB-2019-0188)
OEB Act Section 90 Leave to Construct**

DRAFT CONDITIONS OF APPROVAL

1. Enbridge Gas Inc. (Enbridge Gas) shall construct the facilities and restore the land in accordance with the OEB's Decision and Order in EB-2019-0188 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 Gas shall give the OEB 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 Gas shall implement all the recommendations of the Environmental Report filed in the proceeding, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee review.
4. Enbridge Gas 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 Gas 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 Gas 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 Gas' 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 Gas, 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, licenses, 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 Gas' 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; and
- v. include a log of all complaints received by Enbridge Gas, including the date/time the complaint was received; a description of the complaint; any actions taken to address the complaint; and the rationale for taking such actions.

7. Enbridge Gas shall designate one of its employees as project manager who will be responsible for the fulfillment of these conditions, and shall provide the employee's name and contact information to the OEB and to all the appropriate landowners, and shall clearly post the project manager's contact information in a prominent place at the construction site.

The OEB's designated representative for the purpose of these Conditions of Approval shall be the OEB's Manager of Natural Gas (or the Manager of any OEB successor department that oversees leave to construct applications).

OEB Staff No. 11

Ref.: Exhibit A, Tab 2, Schedule 1

Preamble

Enbridge Gas applied for approval of a System Expansion Surcharge under section 36 of the OEB Act.

Question

OEB staff has prepared the following draft System Expansion Surcharge. If Enbridge Gas does not agree to any of the draft noted below, please identify the specific conditions that Enbridge Gas disagrees with and explain why. For conditions in respect of which Enbridge Gas would like to recommend minor changes, please provide the proposed changes.

**Enbridge Gas Inc.
North Bay (Northshore and Peninsula Roads) Community Expansion Project
(EB-2019-0188)
OEB Act Section 36**

DRAFT System Expansion Surcharge

In keeping with the OEB's Generic Decision and its decision in Union Gas' 2015 Project, the following is a summary of terms and conditions that apply to OEB's Decision and Order in EB-2019-0188:

- Enbridge Gas can apply a \$0.23/m³ surcharge for up to 40 years to its existing approved rates and charge it to all customers in the Project area
- Enbridge Gas will show the SES as a separate line on the customer's monthly bill
- Enbridge Gas will treat the SES as revenue
- If a customer's property is sold, Enbridge Gas will charge the SES to the new owner for the balance of the original SES term
- Enbridge Gas may apply the SES to any future short main extensions off the Project; however, if the balance of the original term is insufficient to achieve a PI of 1.0 for the short main extension, then Enbridge Gas may extend the term or else require a capital contribution
- Enbridge gas shall provide a 10-year rate stability period during which Enbridge Gas will bear the risk of variances in its customer attachment forecast and any associated variances in revenue
- Enbridge Gas may seek recovery for any revenue requirement shortfall after the end of the initial 10-year period; any such application shall be supported by a revised PI calculation that uses actual capital costs and actual customer attachments
- Enbridge Gas may bring forward any variance between actual and forecast capital costs in a future rate application; the prudence of any excess capital costs incurred would be subject to an OEB review at the time of rebasing