

BY E-MAIL

June 18, 2020

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

Dear Ms. Long:

**Re: Enbridge Gas Inc.
Kimball-Colinville and Payne Well Drilling Application
OEB Staff Interrogatories to Applicant
OEB File No. EB-2020-0105**

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 copied to all intervenors.

Enbridge Gas Inc. is reminded that its response to the interrogatories are due by June 29, 2020.

Yours truly,

Original signed by

Ritchie Murray
Project Advisor

- c. Mr. Joel Denomy, Joel.Denomy@enbridge.com
Ms. Tania Persad, Tania.Persad@enbridge.com
Mr. Demetrius Kappos, Demetrius.Kappos@ontario.ca
Mr. Bryan Arnold, bryanarnold1951@gmail.com
Mr. Douglas Henderson, dougandbett@hotmail.com

Encl.

**ENBRIDGE GAS INC.
2020 STORAGE ENHANCEMENT PROJECT
EB-2020-0074**

OEB STAFF INTERROGATORIES

OEB Staff No. 1

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

Preamble

Enbridge Gas Inc. (Enbridge Gas) is proposing to drill two wells in St. Clair Township, in the County of Lambton (Project). One horizontal gas storage well will be drilled in the Kimball-Colinville Storage Pool. The other well, a vertical gas storage well, will be drilled in the Payne Storage Pool.

Pursuant to section 40 of the OEB Act, Enbridge Gas seeks a favourable report from the OEB to the Ministry of Natural Resources and Forestry (MNRF). Enbridge Gas has applied to the MNRF for a licence to drill a stratigraphic test well.

Questions

If the two wells are gas storage wells, why did Enbridge Gas apply to the MNRF for a licence to drill a stratigraphic test well as opposed to injection/withdrawal wells?

OEB Staff No. 2

Ref.: Exhibit A, Tab 2, Schedule 1, pages 1 and 2
EB-2017-0354 (Dow Moore), Exhibit B, Tab 1, Schedule 1, page 4
Letter of Comment filed by Mr. Douglas Henderson on June 11, 2020

Preamble

Enbridge Gas states that drilling of the horizontal well in the Kimball-Colinville Pool (TKC 67H) is a 'like for like' replacement and will not result in an increase in storage capacity or an increase in deliverability of the pool. Enbridge Gas states

that the well is needed to replace the deliverability lost in the pool due to the abandonment of three gas storage wells.

In a previous well drilling application, Enbridge Gas stated that, based on its experience, one horizontal well will replace the deliverability of approximately 3.5 vertical wells¹.

In his letter of comment, Mr. Douglas Henderson asserts that the deliverability of a horizontal well can be up to ten times that of a single vertical well.

Questions

- a) Please confirm that TKC 67H will not materially increase the storage capacity or deliverability of the Kimball-Colinville Pool. If this cannot be confirmed, please explain.
- b) Please respond to the assertion by Mr. Henderson.

OEB Staff No. 3

Ref.: Exhibit A, Tab 2, Schedule 1, pages 1 and 2
Exhibit D, Tab 1, Schedule 1, page 1

Preamble

Enbridge Gas states that drilling of the vertical well in the Payne Pool (UP 24) is a 'like for like' replacement and will not result in an increase in storage capacity or an increase in deliverability. Enbridge Gas states that the well is needed to replace the deliverability lost in the pool due to the abandonment of one gas storage well and the relining of six gas storage wells.

Enbridge Gas states that the total projected cost for drilling the two wells is \$4.94 million, of which \$3.61 million will be capitalized into rate base and \$1.33 million will be funded by its shareholders. Enbridge Gas states that the capital costs for UP 24 will be "allocated to regulated and unregulated storage operations in accordance with the allocation factors that are updated annually." Table 1 in Exhibit D shows the allocations factors as 44.1% regulated and 55.9% unregulated.

¹ EB-2017-0354, Dow Moore Well Drilling Project, Exhibit B, Tab 1, Schedule 1, page 4

Questions

- a) Please provide the estimated impact of the \$3.61 million on a typical residential customer's annual bill.
- b) Please file evidence from the most current proceeding in which the allocation factors were approved that confirms the factors are 44.1% regulated and 55.9% unregulated. If it has been more than one year since the factors were approved, please explain why. When are the factors due to be reviewed and approved again?
- c) How would Enbridge Gas know if UP 24 inadvertently increased the capacity or deliverability of the Payne pool? If this were to happen, what would be the impact on the allocation of costs between regulated and unregulated storage operations, if any?

OEB Staff No. 4

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

Preamble

Enbridge Gas requested a favorable report for both gas storage wells be provided by the OEB to the Ministry of Natural Resources and Forestry by the end of May 2020.

The drilling of wells TKC 67H and UP 24 is proposed to occur in June and July of 2020. Drilling is scheduled to occur when there will be no injection or withdrawal operations. The drilling work must occur in this time frame to allow the wells to be safely drilled when the reservoir is at a low pressure.

Question

Please comment on Enbridge Gas' ability to complete the work in 2020 in the event that the OEB were to issue its report in July or August of 2020.

OEB Staff No. 5

Ref.: Exhibit C, Tab 1, Schedule 1, Attachment 1, page 4
Exhibit F, Tab 1, Schedule 1, page 3
Letter filed by Enbridge Gas on April 17, 2020 re: land agreements

Letter of Comment filed by Mr. Bryan Arnold on May 20, 2020
Intervention Request filed Mr. Bryan Arnold on June 2, 2020

Preamble

Enbridge Gas states that UP 24 would be drilled on third party agricultural land that is currently under both a) a Petroleum & Natural Gas Storage Lease and Grant and b) a Gas Storage Lease.

At the time the Application was filed, Enbridge Gas stated that it provided the third party farmer at the Payne Pool with a Letter of Acknowledgement and a Pipeline Easement Agreement, that negotiations with the third party farmer were on-going, and that it was not aware of any unresolved land matters.

On April 17, 2020, Enbridge Gas filed a letter informing the OEB that the Letter of Acknowledgement and the Pipeline Easement Agreement had been executed by Enbridge Gas and the third party farmer.

Mr. Bryan Arnold filed letters of comment on May 20 and June 1, 2020. The letters expressed concerns about Enbridge Gas' construction and operating practices, and compensation for damages.

Questions

- a) Please confirm that neither Mr. Arnold nor Mr. Henderson are the third party farmer located at the Payne Pool.
- b) If Enbridge Gas already has a Petroleum & Natural Gas Storage Lease and Grant and a Gas Storage Lease in effect with the third party farmer, what were the purposes of the Letter of Acknowledgement and the Pipeline Easement Agreement?
- c) Please confirm whether compensations for land use and property damage (e.g., tile damage, changes in grading affecting drainage/flooding) are governed by the terms and conditions of the Petroleum & Natural Gas Storage Lease and Grant, Gas Storage Lease or the Pipeline Easement Agreement and provide a brief explanation of how the amount of compensations are determined. If not, please explain what governs the compensations for land use and property damage and how the amount of compensations are determined.

- d) Does Enbridge Gas need OEB approval under section 97 of the OEB Act for the form of Pipeline Easement Agreement that was offered to the third party farmer? If so, please confirm that the form of agreement used had been previously approved by the OEB, the docket number of that proceeding, and whether any changes have been made to the form of agreement since it was last approved.
- e) Please provide a response to the concerns raised by Mr. Arnold in his letters.

OEB Staff No. 6

Ref.: Exhibit C, Tab 1, Schedule 1, Attachment 1, pages 7 and 11

Preamble

Enbridge Gas states that rotary rig drilling will proceed on a 24 hour / 7 day per week basis throughout the drilling process. If cable tool rig drilling is necessary, it will proceed on a 12 hour basis. The drilling of the horizontal well, TKC 67H, is expected to take 21 to 28 days and the drilling of the vertical UP 24 well is expected to take 10 to 14 days.

Enbridge Gas states that water wells may be impacted by well drilling and pipeline construction. These activities could impact the groundwater in the area if they are not completed properly.

Questions

- a) Please confirm that affected landowners were informed that drilling operations would be taking place for between 12 and 24 hours per day. Please also confirm that affected landowners were informed that drilling could take up to 14 and 28 days for the Kimball-Colinville and Payne pools, respectively. If affected landowners were not provided this information on the drilling schedule, please explain why not?
- b) If applicable, please explain how the information in part a) was communicated to landowners.
- c) Did affected landowners express any concerns about the drilling schedule, location of access roads, or activities (e.g., dust, lights, noise, vibrations, drilling fluids)? If so, please provide a table that summarizes the concerns along with Enbridge Gas' responses to them. Please redact personal information as required.

- d) In what ways could the drilling activities impact water wells, and what would Enbridge Gas do to rectify the situation if water wells were impacted in these ways?

OEB Staff No. 7

Ref.: Exhibit G, Tab 1, Schedule 1, page 2

Preamble

Enbridge Gas states that it aligns its interests with those of Indigenous communities through meaningful, direct Indigenous economic activity in projects corresponding to community capacity and project needs, where possible.

Question

Please provide examples of the types of “economic activity in projects” that Enbridge Gas offers to Indigenous communities. Were any such projects implemented in the case of the Project? Please explain.