

BY E-MAIL

September 30, 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.
NPS 20 Replacement Cherry to Bathurst
OEB Staff Interrogatories to Applicant
OEB File No. EB-2020-0136**

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 October 13, 2020.

Yours truly,

Azalyn Manzano
Advisor

Encl.

**ENBRIDGE GAS INC.
NPS 20 REPLACEMENT CHERRY TO BATHURST
EB-2020-0136**

OEB STAFF INTERROGATORIES

OEB Staff No. 1

Ref.: Exhibit A, Tab 2, Schedule 1, page 2
Exhibit B, Tab 1, Schedule 1, pages 1 to 3, 17, 25

Preamble

Enbridge Gas Inc. (Enbridge Gas) requests leave to construct (LTC) approximately 4.3 kilometers of NPS 20 high pressure (HP) steel (ST) pipeline on Lake Shore Boulevard from Cherry Street to Bathurst Street, and 230 metres of NPS 20 pipeline on Parliament Street from Mill Street to Lakeshore Boulevard East in the City of Toronto (Project).

The Project is a like-for-like replacement project due to integrity issues with the Kipling Oshawa Loop (KOL), which the existing pipelines are a part of. Enbridge Gas's Asset Management Plan identified the KOL as having all the risks of vintage steel mains installed during and before the 1970s. The pipeline to be replaced by the Project was built in 1954 and is the first segment of the KOL to be investigated in detail; investigations are ongoing to identify other segments of the KOL requiring remediation or replacement.

Enbridge Gas stated that inline inspections were made using a robotic crawler tool were performed on approximately 1.9 km of the 4.5 km section of pipeline proposed to be replaced by the Project. The application is silent on whether the part or all of the KOL has ever been inline inspected using tools other than the robotic crawler (e.g., "smart pig").

Enbridge Gas expects that downtown Toronto will continue to grow and is aware of 55 developments in the immediate area of the Project that are either scheduled for occupancy in 2020 or 2021, and under construction or in the development process.

Enbridge Gas ran several scenarios that the KOL has either experienced in the past or to simulate a major supply disruption to determine if the Project segment

could be downsized to lower the overall cost of the Project, examining the performance of the KOL in each scenario. Enbridge Gas stated the KOL system is designed such that it maintains a minimum pressure of 100 psig for the inlet pressure for all downstream district stations. Enbridge Gas stated that if pressures are not maintained, supply interruptions to customer will occur. The scenarios did not take into account customer growth.

Questions

- a) Please confirm that the 230 metre section to be constructed on Parliament Street is also a replacement of existing pipeline, and that the existing pipeline is also to be abandoned.
- b) Please confirm that no ancillary facilities or stations are required to be constructed for this Project.
- c) Have other sections or the entire length of the KOL ever been inline inspected? If not, please explain why not? If so, please explain and include in the response a description of the tools used and a summary of the findings.
- d) Has Enbridge Gas taken into account the expected growth in the area in its pipeline design for the Project? Does Enbridge Gas expect to return to the Project area in the near future to replace the proposed pipeline with a larger diameter pipeline to accommodate the expected growth? If so, please explain why Enbridge Gas could not include a growth forecast with this application and propose a larger diameter pipeline to prevent having to return to the area for construction in the near-term.
- e) Enbridge Gas stated that pressures were required to be maintained at 100 psig or greater along the KOL to prevent supply interruptions to customers, including hospitals and industrial customers west of the downtown core. In the scenario provided by Enbridge Gas where there was no feed from the West Mall Feeder Station, the inlet pressure at the West Mall Tie-In is expected to be 98 psig, even with an NPS 20 pipeline. Please explain why Enbridge Gas has not proposed a larger pipeline and/or higher operating pressures to maintain the minimum 100 psig and prevent a supply disruption in this scenario presented by Enbridge Gas. Also, please explain how Enbridge Gas intends to deal with the supply disruption.
- f) Please indicate when Enbridge Gas anticipates having to replace the KOL given the condition of the Project segment and the likelihood that the rest of the KOL is currently in the same condition. Does Enbridge Gas intend to file

an omnibus LTC application for the other sections of the KOL that will need to be replaced? Please provide the cost estimate for replacing the rest of the KOL anticipated by Enbridge Gas. Will Enbridge Gas include the KOL replacements in its Integrated Resource Planning?

OEB Staff No. 2

Ref.: Exhibit F, Tab 1, Schedule 1, Attachment 1, page 2

Preamble

Enbridge Gas expects to abandon approximately 4.5 km of the existing NPS 20 HP steel natural gas main along the same route.

Questions

- a) Please confirm that the TSSA abandonment guidelines and the applicable current edition of CSA code Z662 will be followed for all pipeline abandonment in place.
- b) Please comment on any aspects of the pipeline replacement that could adversely impact existing customers.
- c) Please describe the measures that Enbridge Gas will have in place for the maintenance of customer supply and to ensure quality and reliability of service is met during the replacement/upgrade of these services.
- d) Please provide a schedule of details regarding the decommissioning of the existing pipeline.

OEB Staff No. 3

Ref.: Exhibit D, Tab 1, Schedule 1, page 5
Exhibit B, Tab 1, Schedule 1, pages 28 to 29

Preamble

The application states that overall estimated costs of the Project are approximately \$133 million, which includes indirect overheads of \$24.1 million and a contingency of 30% applied to all direct capital costs. The estimated cost covers materials, construction and labour and land costs.

Enbridge Gas conducted an analysis to compare the costs of repairing the pipeline versus replacing it, using a 40 year time horizon and discounting the costs using the methods prescribed in EBO 188 to arrive at a net present value (NPV). While the NPV of the repair option is slightly lower than that of the replacement option, Enbridge Gas rejected the repair option as the total cost of a replacement is much lower (\$107 million) than the total cost of repairs (\$262 million).

Question

- a) Please provide an estimate of the costs of consultation for the Project. Please confirm whether consultation costs have been included in the total estimated costs of the Project. If this is not included in the Project costs, please explain how Enbridge Gas intends to fund the costs of consultation.
- b) Please explain why the NPV of the repair option is lower than the NPV of the replacement option, when the total costs of the repair option are higher, and provide the DCF analysis reports used to support the cost comparison.
- c) Please confirm that the total costs also include the environmental costs of the Project.
- d) Please confirm whether Enbridge Gas expects to recover the costs of the Project through an Incremental Capital Module (ICM) request in its 2021 rates application.
- e) Please confirm whether this specific Project, on this segment of the KOL, is included in Enbridge Gas's Utility System Plan and Asset Management Plan that has been approved by the OEB.
- f) 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 recent 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 C, Tab 1, Schedule 1, page 2

Preamble

A copy of the Environmental Report (ER) has been submitted to the Ontario Pipeline Coordinating Committee (OPCC), local municipalities, government agencies, interest groups, affected third party utilities and Indigenous communities. The City of Toronto and the Toronto and Region Conservation Authority (TRCA) have not provided comments on the ER.

Enbridge Gas retained a licensed Archaeologist to complete an Archaeological Assessment for the Project. The Archaeological Assessment Report was submitted to the Ministry of Heritage, Sport, Tourism and Culture Industries (MHSTCI) on June 4, 2020.

Questions

- a) 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. Please include the dates of communication, the issues and concerns identified by the parties, as well as Enbridge Gas's responses and actions to address these issues and concerns.
- b) Has Enbridge Gas received a letter from the MHSTCI accepting the Archaeological Assessment Report submitted to the ministry into the Ontario Public Register of Archaeological Reports? If so, please provide a copy of the letter. If not, please indicate when Enbridge Gas anticipates a response from the MHSTCI.

OEB Staff No. 5

Ref.: Exhibit F, Tab 1, Schedule 1

Preamble

The Indigenous Consultation Report (ICR) in the application lists consultation activities until May 27, 2020. Enbridge Gas provided the ICR to the Ministry of Energy, Northern Development and Mines (MENDM) on July 31, 2020.

Questions

- a) Please file any comments received from any Indigenous groups regarding the Project since May 27, 2020.
- b) Please update the evidence with any correspondence between the MENDM and Enbridge Gas after July 31, 2020, regarding the MENDM's review of Enbridge Gas's consultation activities.
- c) Please indicate when Enbridge Gas expects to receive from the MENDM a letter indicating whether or not Enbridge Gas has adequately discharged the procedural aspects of the Crown's Duty to Consult.

OEB Staff No. 6

Ref.: Exhibit E, Tab 1, Schedule 1, page 1-4
Exhibit E, Tab 1, Schedule 1, Attachment 1

Preamble

Enbridge Gas stated that the Preferred Route (R) for the Project may require a bylaw or easement where municipal road allowances are not dedicated, as well as approval from Hydro One Networks Inc. for an easement crossing. Enbridge Gas will be required to obtain road occupancy permits from the City of Toronto.

Enbridge Gas will require temporary land use (TLU) rights to complete the 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.

Question

- a) Please provide an update on the current status and prospect of negotiations with landowners of properties where easements/easement crossings and TLU rights are needed, including any concerns that have been expressed by landowners with respect to the proposed Project. Please indicate the number of TLU rights that are required.
- b) Please confirm whether the form of 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 this form of easement agreement was last used.
- c) Please provide an update of Table 1, including any other permits and approvals that are required to complete the construction of the Project, and a description of the purpose or need for each permit and the status of each permit/approval application. Please provide dates for when Enbridge Gas expects to receive any outstanding permits/approvals required, and what impact and delays in receiving these might have on the Project schedule.
- d) Please discuss any concerns that Enbridge Gas has with respect to obtaining any of the required land rights and/or permits for the Project.

OEB Staff No. 7

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.”¹

Question

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.

¹ OEB Act, s. 23

**Enbridge Gas Inc.
NPS 20 Replacement Cherry to Bathurst Project
(EB-2020-0136)
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-2020-0136 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.