

**John A.D. Vellone**  
T (416) 367-6730  
F 416.367.6749  
jvellone@blg.com

**Flora Ho**  
T (416) 367-6581  
F 416.367.6749  
fho@blg.com

Borden Ladner Gervais LLP  
Bay Adelaide Centre, East Tower  
22 Adelaide Street West  
Toronto, ON, Canada M5H 4E3  
T 416.367.6000  
F 416.367.6749  
blg.com



December 21, 2020

**Delivered by Email & RESS**

Ms. Christine Long, Registrar  
Ontario Energy Board  
P.O.Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. 2021 ICM Application  
Notice of Intervention of the Association of Power Producers of Ontario  
("APPrO")  
Board File No. EB-2020-0181**

Pursuant to Procedural Order No. 1 dated November 27, 2020 please find attached APPrO's Interrogatories to Enbridge Gas Inc. in this proceeding.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

Per:

A handwritten signature in black ink, appearing to read 'Flora Ho', is written over a light blue horizontal line.

Flora Ho

cc: David Butters, APPrO  
Mark Kitchen, Enbridge Gas Inc.  
David Stevens, Aird and Berlis LLP

## **ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended, and in particular, sections 90(1) and 97 thereof;

**AND IN THE MATTER OF** an Application by Enbridge Gas Inc., pursuant to section 36(1) of the *Ontario Energy Board Act, 1998* for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2021.

**EB-2020-0181**

**Interrogatories**

**To**

**Enbridge Gas Inc. (Enbridge)**

**From**

**The Association of Power Producers of Ontario (APPRO)**

**December 21, 2020**

**Exhibit B**

**B-APPrO-1**

Reference 1: Exhibit B, Tab 2, Schedule 1, Page 17

Reference 2: Exhibit B, Tab 2, Schedule 1, Page 19, Table 8, Business Case Summaries for ICM Projects by Rate Zone

Preamble:

Reference 1:

St. Laurent NPS 12 Replacement

“A Leave to Construct application is expected to be filed in December, 2020 for the remaining two phases of the project. For ICM eligibility purposes, each phase of the project has been evaluated individually based on the total in-service capital of that phase. In this application, Enbridge Gas is seeking ICM funding for Phase 3 of the project with a projected in-service date of December 2021. The Business Case for this project is filed in Table 8 below and will be updated after the Leave to Construct application has been filed with the OEB.”

Reference 2:

“Other Options Considered:

- Enbridge Gas will provide more details on the alternatives through an update to the ICM evidence after the Leave to Construct application is filed in December, 2020.”

It is APPrO's understanding that at this time, December 21, 2020, the Leave to Construct Application for St. Laurent NPS 12 Replacement has not yet been filed with the OEB.

Question:

- a) How does Enbridge Gas propose that the OEB make an informed decision on whether the test for Prudence has been met when it is unclear what alternatives Enbridge Gas has considered to determine that the St. Laurent NPS 12 Replacement Project (“St. Laurent Project”) is the most cost-effective option for ratepayers?
- b) If the Leave to Construct Application has been filed for the St. Laurent Project, please provide the OEB proceeding number.
- c) If the Leave to Construct Application has not yet been filed for the St. Laurent Project, please provide an estimated date of filing.
- d) Absent evidence of the alternatives considered in this application for the St. Laurent Project, together with clear evidence that the St. Laurent Project is the most cost-effective option, does Enbridge Gas intend to withdraw this request for ICM funding?
- e) If Enbridge Gas does not intend to withdraw this request for ICM funding, at what stage in the process will the parties, including APPrO, be given an opportunity to assess and ask questions about the alternatives considered and the conclusions regarding the most cost-effective option?

- f) With regards to the Business Cases for the three ICM Projects in Table 8, please provide the cost of each of the alternatives considered.

**B-APPrO-2**

Reference: Exhibit B, Tab 2, Schedule 1, Page 27 – Table 8

Preamble:

Sarnia Industrial Line Reinforcement

“The budget of \$32.9 million is updated from the EB-2019-0218 filing budget of \$30.8 million. The variance between the budget and the leave to construct is due to a change in overhead allocations.”

Question:

- a) Please provide a detailed breakdown of the budget as calculated in the leave to construct and the budget as calculated for this ICM.
- b) Please explain the reason for the increase in budget in detail.
- c) Given the budget increase to \$32.9 million, is the Sarnia Industrial Line Reinforcement the most cost effective option for ratepayers compared to the alternatives?

**B-APPrO-3**

Reference 1: Exhibit B, Tab 2, Schedule 1, Page 30 and 31 of 33

Reference 2: EB-2019-0194 – Enbridge Gas 2020 Rates Application – Decision and Order dated May 14, 2020, page 17.

Preamble:

Reference 1:

“Enbridge Gas is proposing to allocate the ICM Project revenue requirement to rate classes based on the most recently approved cost allocation methodology updated for the current year forecast.

[...]

Enbridge Gas proposes to allocate the annual average net revenue requirement with respect to the London Line Replacement Project to Union South rate classes in proportion to the forecast Union South in-franchise design day demands of firm and interruptible customers served by the distribution system excluding customers served directly off transmission lines. This proposed cost allocation methodology is consistent with the allocation of Union South Distribution Demand costs most recently approved by the Board in EB-2011-0210 (Union’s 2013 approved cost allocation study). The assets installed with the London Line Replacement Project will be categorized as distribution consistent with the design of the pipeline as described in the EB-2020-0192 (London Line Replacement Project) evidence. The allocation of Distribution Demand costs recognizes distribution lines are designed to meet Union South in-franchise distribution demands on design day.

Enbridge Gas proposes to allocate the annual average net revenue requirement with respect to the Sarnia Industrial Line Reinforcement Project to Union South rate classes in proportion to the forecast Union South in-franchise design day demands. This proposed cost allocation methodology is consistent with the allocation of Other Transmission Demand costs approved by the Board in EB-2011-0210 (Union’s 2013 approved cost allocation study). The assets installed with the Sarnia Industrial Line Reinforcement project will be categorized as Other Transmission assets. The allocation of Other Transmission costs recognizes other transmission lines are designed to meet Union South in-franchise demands on design day.”

Reference 2:

“The OEB acknowledges that the current cost allocations are outdated ...”

Questions:

- a) Given that the OEB in EB-2019-0194 expressed that the cost allocation methodology in Union’s 2013 approved cost allocation study is outdated, please provide an updated cost allocation for the London Lines Replacement Project and the Sarnia Industrial Line Reinforcement Project using the cost allocation methodology in the cost allocation study filed by Enbridge Gas on November 27, 2019 in EB-2019-0194 and in using that cost allocation methodology, provide the following:

- a. The allocation of the annual average net revenue requirement with respect to the London Lines Replacement Project among the different rate classes in the Union rate zone;
  - b. The allocation of the annual average net revenue requirement with respect to the Sarnia Industrial Line Reinforcement Project among the different rate classes in the Union rate zone;
  - c. The cost allocation factors and the allocation of project revenue requirement to the rate classes for the London Lines Replacement Project;
  - d. The cost allocation factors and the allocation of project revenue requirement to the rate classes for the Sarnia Industrial Line Reinforcement Project;
  - e. The ICM unit rates beginning in 2021 for the duration of the deferred rebasing period to recover the total revenue requirement of the 2021 ICM projects;
  - f. The ICM Bill Impacts associated with the 2021 ICM funding request by rate class.
- b) Would using the updated cost allocation model for this ICM rate rider cause any concern for Enbridge Gas with regards to predictability and stability of base gas distribution rates overall.

## **B-APPPrO-4**

Reference 1: Exhibit B, Tab 2, Schedule 1, Page 20 of 33

### Preamble:

#### London Line Replacement

“Construction of 51.5 km NPS 4 and 39 km of NPS 6 dual fed pipeline operating at a maximum operating pressure of 3447 kPa. This 90.5 km replacement pipeline will run from Dawn Hub, 82.1 km east to Komoka Station in addition to adding a second feed comprising of 8.4 km NPS 6 from Strathroy Gate station. This proposed replacement will result in the abandonment of the existing London Lines, which are comprised of the 60 km London South Line and 75 km London Dominion Line. The Project is a replacement of the entirety of the existing London Lines. There are 148 services and 25 stations that will be upgraded and 9 new stations installed to facilitate the new proposed pipeline pressure.”

### Question:

- a) How many gas-fired generators are served by the existing London Lines?
- b) How many gas fired generators will be served by the London Line replacement?