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December 21, 2020

VIA RESS and EMAIL

Ms. Christine Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long,

**Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File No.: EB-2020-0192
London Line Replacement Project - Reply Argument**

In accordance with the Procedural Order No. 1 dated October 29, 2020, enclosed please find Enbridge Gas's Reply Argument in the above noted proceeding.

Please contact the undersigned if you have any questions.

Yours truly,

Rakesh Torul
Technical Manager,
Regulatory Applications

cc: Charles Keizer, Torys
EB-2020-0192 Intervenors

ONTARIO ENERGY BOARD

IN THE MATTER OF The Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B, and in particular, S.90.(1) and S.97 thereof;

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order granting leave to construct natural gas pipelines and ancillary facilities in County of Lambton, the Township of Dawn-Euphemia, Middlesex County, the Municipality of Southwest Middlesex, the Municipality of Strathroy-Caradoc and the Municipality of Middlesex Centre.

REPLY ARGUMENT OF ENBRIDGE GAS INC.

1. These are the reply submissions of Enbridge Gas Inc. (“Enbridge Gas”) in respect of its application for leave to construct approximately 51.5 kilometres of Nominal Pipe Size (“NPS”) 4 pipeline and 39 kilometres of NPS 6 pipeline to replace the existing London Lines (the “Project”). Enbridge Gas has identified the need to replace the existing London Lines (the “London Lines or “Existing Lines”) because of the physical degradation of the pipelines.
2. Enbridge Gas submits that the Project is in the public interest and leave to construct the pipeline proposed should be granted.
3. The submissions below deal with the concerns raised by various intervenors which relate primarily to project need, alternatives and economics. The OEB staff’s requests for clarification related to land matters and letters of concern are also dealt with below.
 - A. The Need**
4. With the exception of APPrO and FRPO, all parties agreed that there is a need for the Project. Energy Probe’s support for the need is qualified by a request to delay

the timing of the Project. The submissions of APPrO, FRPO and Energy Probe will be dealt with in turn below.

5. APPrO's specific concerns regarding the need for the Project arise out of an alternative explanation of the leak data put forward by Enbridge Gas to support need.
6. In evidence, Enbridge Gas identified a leak rate applicable to the Existing Lines of 0.043 leaks/km/year for the period from 2013 to 2019. A breakdown of the leaks in the applicable years was set out in Exhibit I.APPrO.2, which showed 33 leaks in 2013 and lower levels of leaks in the remaining years. APPrO incorrectly concludes that because of the mitigation measures Enbridge Gas put in place over this time period, the issues related to 2013 were resolved and the OEB can ignore that year to calculate a leak rate for the shorter period of 2014 – 2019, which provides a lower leak rate of 0.0087 leaks/km/year.¹
7. APPrO's submission regarding the leak rate is not only premised on an incorrect conclusion but is an overly narrow view of the overall need for the Project. APPrO ignores other critical integrity concerns which have been summarized in the Enbridge Gas Argument-in-Chief at paragraphs 9 to 24.
8. Furthermore, APPrO ignores the additional data provided in evidence that gives insight as to detected leaks in the Existing Lines.
9. The leak rate of 0.043 leaks/km/year is derived from leak data Enbridge Gas reported to the Canadian Gas Association ("CGA").² However, Enbridge Gas also provided in Attachment 1 to Exhibit I.APPrO.3 a leak repair summary that provides a different perspective regarding leaks in the Existing Lines. Attachment 1 sets out Class A, B and C leaks that have been repaired from 2011 to 2019. Unlike the data

¹ APPrO, p.4

² Exhibit I.APPrO.3

reported to the CGA, which includes leaks that are monitored but not repaired, the data in Attachment 1 includes repaired leaks. Since 2011, records indicate that 29 leaks have been repaired. Because of collection criteria, not all leaks appearing in Attachment 1 appear in CGA leak results. For example, while for 2014 the CGA data shows zero leaks, four Class B leaks and two Class C leaks were repaired and do not appear in the table of CGA data relied on by APPrO. APPrO has ignored this additional perspective which was provided by Enbridge Gas in response to APPrO's own interrogatory question.

10. In addition, it was also noted in Exhibit I.APPrO.3 that Class C leaks are not immediately repaired in all cases. The CGA data identifies 29 Class C leaks over the period 2013-2019. The implications of this is that there have been 29 Class C Leaks discovered in and monitored after 2013 by Enbridge Gas and up to 36 leaks over the 2013 – 2019 period. A leak survey completed in 2020 found an additional 5 active Class C Leaks that Enbridge Gas is monitoring. Based on the combined repaired and monitored leaks, the number of leaks over the period since 2011 is significant.³ A fact that was ignored by APPrO.
11. APPrO's analysis is also erroneously based on the notion that remedial measures implemented by Enbridge Gas to deal with integrity concerns related to the Existing Lines resolved the leaks in 2013 and any related concerns that cause the leaks in the first place. The remedial and risk mitigation measures referenced by APPrO include monitoring and managing the Existing Lines through leak management surveys, preventive corrosion control programs, valve inspections, minimize pull-out forces on unrestrained compressor couplings, increased walking of the pipeline to observe any changes to areas of concern and reducing the system operating pressure.⁴

³ Exhibit B, Tab 1, Schedule 1, p.6; Exhibit I.APPrO.3

⁴ APPrO, p.4

12. Many of the above remedial actions have no impact on pipeline condition or on leak rates. For example, an increase in the leak survey program frequency is not a leak prevention action. Its purpose is to discover and mitigate leak risk. However, they do not reverse the condition degradation, including corrosion, that has occurred and that will continue to occur over time. Furthermore, the reduction in operating pressure also does not decrease the number of expected leaks, although it could impact severity. The data reveals that the majority of leaks have occurred at mechanical couplings/repair sleeves and points of corrosion.⁵ With respect to unrestrained compressor couplings, compression couplings on steel mains that are isolated from the corrosion protection system could result in inadequate cathodic protection, leading to accelerated corrosion and potential loss of containment.⁶ This was a point generally agreed with by Energy Probe which stated “Energy Probe agrees that the large number of compression couplings on the line, the history of corrosion and the age of the steel pipe, pose risks that need to be addressed.”⁷ Because the Existing Lines have experienced significant corrosion on the barrels of the compression couplings, their integrity is further compromised and leaks can and do occur. There could potentially be in excess of 6,000 unrestrained compression couplings on the Existing Lines based upon the use of assumed 40 foot lengths of pipe.⁸ With respect to corrosion, there are consistently high amounts of corrosion across many lengths of pipe and there is difficulty to find a section of pipe to perform an acceptable weld when work is required to be completed on the Existing Lines.⁹
13. Therefore, APPrO’s assertion that the leak rate should be calculated over the 2014 – 2019 period instead of the 2013 - 2019 period is without foundation and is

⁵ Exhibit B, Tab 2, Schedule 1, Attachment 1, p.5

⁶ Exhibit B, Tab 1, Schedule 1, p.4; Exhibit B, Tab1, Schedule 2, p.2

⁷ Energy Probe, p.3

⁸ Exhibit B, Tab 1, Schedule 1, p.3

⁹ Exhibit B, Tab 1, Schedule 1, p.13

arbitrary as it has misconstrued the remedial measures Enbridge Gas has implemented. In addition, APPrO also ignores the nature of the data itself. Although 2013 has 33 recorded leaks, 29 of those leaks are Class C, which would not have been repaired in 2013. Instead, the monitoring would continue over the period. The truncation of the data with a 2014 start date would not reflect the ongoing leaks that would have been monitored over the period and would not truly reflect the actual circumstances. A single year view is not a good indication of asset health or condition or the ongoing presence of leaks. A subsequent drop in leaks in one year to the next does not indicate an improvement in condition nor that certain remedial actions have improved the condition. This is why an average over several years of available data should be utilized in leak rate calculations and the applicable years used not be selectively chosen to drive a certain leak rate result as proposed by APPrO.

14. Based on its ill-conceived leak calculation, APPrO asserts that the Existing Lines are performing much better than the balance of the Enbridge Gas' steel main population. This is premised on a comparison between the APPrO calculated leak rate relative to leak data by Class provided by Enbridge Gas for the legacy Union Gas system for the 2013-2019 period. APPrO wrongly concludes that it is comparing its calculation with the "entire steel main system". This, however, is incorrect. As is clearly stated in Exhibit I.APPrO.3 b) the data "includes all Legacy Union Gas below grade leaks associated with steel assets. This includes all pipe sizes, pressures and vintages of all steel mains, services and fittings."¹⁰ As a result, the comparison is not a valid one. In fact, based upon the full span of available data, the Existing Lines perform worse than the available network average for comparable failure modes and asset types as noted in the DIMP Integrity Assessment Report ("Integrity Report").¹¹

¹⁰ Exhibit I.APPrO.3 b)

¹¹ Exhibit B, Tab 2, Schedule 1, Attachment 1, p.8

15. Both APPrO and FRPO criticized Enbridge Gas' project Risk Assessment. According to APPrO the Risk Assessment is uninformative in comparing the Project's risk level relative to other potential replacement projects in the steel main population. Enbridge Gas does not dispute that the analysis does not compare all assets across the whole distribution system. To do so would require sophisticated modeling. Nevertheless, the current practice is considered acceptable and consistent with the appropriate standards. Enbridge Gas's Risk Management Process is consistent with CAN/CSA-IEC/ ISO 31000. Through that process, risks are identified, analyzed, evaluated and treated. According to the standard: "Risk assessment is the overall process of risk identification, risk analysis and risk evaluation. Risks can be assessed at an organizational level, at a departmental level, for projects, individual activities or specific risks. Different tools and techniques may be appropriate in different contexts."¹²

16. FRPO criticism related to the risk assessment seems to relate primarily to the fact that it does not take into account an alternative that FRPO has endorsed in its submissions but does not form part of Enbridge Gas' evaluation of alternatives.¹³ As submitted below, FRPO's purported alternative is of no merit and should be disregarded by the OEB.

17. FRPO also supports APPrO's submissions regarding the leak rate. FRPO also takes the position that the cathodic protection readings do not support the entire replacement of the system. This conclusion is based on FRPO's non-expert and unsubstantiated opinion related to the value of one solitary statistic based on pipe-to-soil readings measured in 2020.¹⁴ In focusing on a single statistic to assess the entirety of the Existing Lines, FRPO fails to consider that based on the repair summary included in the Integrity Assessment the majority of the leaks were on

¹² CSA - ISO 31010, section 4.3.4

¹³ FRPO, p.8

¹⁴ FRPO, p.3

compression couplings and repair clamps (38%)¹⁵ and not due to corrosion. In this regard, the Existing Lines represent 30% of all coupled mains within Enbridge Gas' distribution network. It is also noted that the barrels of the compression couplings corrode at a higher rate than the surrounding pipe they connect. This could be caused by the compression coupling not being adequately bonded to the piping and the Cathodic Protection (CP) for the piping not protecting components of the compression coupling.¹⁶ Also, there is difficulty to find a section of pipe which is acceptable to weld on when work is required to be completed on the London Lines. This could be caused by the initial lack of CP prior to 1965 or intermittent drops in CP levels due to depleted anodes prior to rectifier protection, power interruptions or soil conditions.¹⁷

18. To support its position, FRPO made reference to a statement in the Integrity Report that there would not be a significant increase in corrosion leaks for another 37 years. However, FRPO has failed to fully articulate the statement in the Integrity Report which qualified this assertion and brings into question FRPO's conclusion. In this regard, the Integrity Report also stated:

“Unfortunately, due to the age, the long lengths of uncoated pipe, the large number of compression couplings and the unknown CP [Cathodic protection] history there are concerns regarding the applicability of the corrosion rates.”¹⁸

19. Regarding Energy Probe's submissions on need, while Energy Probe concluded that Enbridge Gas has adequately demonstrated the purpose and the need for the Project, Energy Probe believes that the Project should be delayed for two years.¹⁹ Energy Probe has made this assertion without any technical evidence that the risks and need it clearly accepts can be extended for another two years. In fact,

¹⁵ Exhibit B, Tab 2, Schedule 1, Attachment 1, p.7

¹⁶ Exhibit B, Tab 2, Schedule 1, Attachment 1, p.5

¹⁷ Exhibit B, Tab 2, Schedule 1, Attachment 1, p.5

¹⁸ Exhibit B, Tab 2, Schedule 1, Attachment 1, p.8

¹⁹ Energy Probe, p.1,3

because Energy Probe ties the approval of the leave to construct to the future rate rebasing by Enbridge Gas, the period of the delay could be much longer than two years when the process of dispensing that application is taken into account.

Energy Probes wholly contradicts itself by acknowledging the need for the Project on the one hand while at same time maintaining without any evidentiary basis that because condition has been previously assessed and a project not pursued, a further delay is satisfactory in the current circumstance.²⁰ However, Energy Probe has provided no technical rebuttal to the condition data provided in this proceeding at this juncture. The only aspect alluded to is an unsubstantiated view that while pullouts from a compression coupling are of concern, there has never been an incident of a pullout.²¹ However, even this statement is contradictory to Energy Probe's stated position that "Energy Probe agrees that the large number of compression couplings on the line, the history of corrosion and the age of the steel pipe, pose risks that need to be addressed"²². Energy Probe's assertion that the Project should be delayed is groundless and should not be accepted by the OEB.

20. Energy Probe believes that the main reason the Project is being undertaken is that Enbridge Gas can now seek Incremental Capital Module ("ICM") funding from ratepayers. Energy Probe baldly asserts that this is demonstrated in the evidence and references three separate pages of Enbridge Gas' Asset Management Plan 2021-2025 (Exhibit I.ED.1, Attachment 1, p. 31, 252 and 253). These pages merely articulate the availability of the rate recovery mechanism of ICM and its relation to base capital threshold. They do not indicate in any way a scheme to accelerate the Project for the purposes of recovery of ICM.

²⁰ Energy Probe, p. 3-4

²¹ Energy Probe, p.3

²² Energy Probe, p.3

B. Alternatives

21. Enbridge Gas considered a wide range of alternatives that included: replacing the existing pipeline with a pipeline operating at the existing MOP; replacing the existing pipeline with a pipeline operating at a different MOP; replacing the existing pipeline with a different size; reducing high pressure replacement by extending other distribution systems; and carrying out demand side management. As demonstrated in the evidence provided by Enbridge Gas, the Project is the best alternative.²³
22. Both APPrO and FRPO take the position that Enbridge Gas has not considered all reasonable alternatives. In particular, APPrO and FRPO assert that Enbridge Gas should have considered a scenario where the Existing Lines would be replaced in segments with higher risk segments replaced with NPS 4 or 6 pipe capable to run at higher pressures of 3450 kPa instead of full replacement.²⁴ FRPO and APPrO rely on the reports *The London Lines by Katie Hooper, 2002* (the “Hooper Report”) and *London Lines Report by Bob Wellington, 2004* (the “Wellington Report”), which previously assessed the Existing Lines in 2002 and 2004. FRPO also attributes the report *Engineering Asset Plan – The London Lines by Jack Chen, 2016* (the “Chen Report”) with endorsing a similar approach.
23. Before considering APPrO and FRPO’s position, it is important to put each of the Hooper, Wellington and Chen reports in context. These reports were filed as part of the response in Exhibit I.BOMA.5. Having been prepared in 2002 and 2004 respectively, neither the Hooper nor Wellington reports are current. The Chen report produced in 2016 was considered in the context of the Integrity Report filed in this Application for the Existing Lines. Furthermore, the Hooper Report can be considered only a preliminary analysis, having concluded that further risk

²³ Argument-in-Chief, p.10

²⁴ FRPO Submissions, p.5

assessment was required for the London Lines system.²⁵ The Wellington Report was a follow-up to the Hooper Report. Both reports recommended the abandonment of the London South Line and the continued use of and risk mitigation for the remaining London Dominion Line since it would be the sole source of supply to communities. On a longer-term basis, the Chen Report also recommended the abandonment of the London South Line, with the eventual replacement of the London Dominion Line. The Chen Report also noted that in the event the London South Line is abandoned, there is the remaining concern that the London Dominion Line is composed of poor-quality refurbished steel.²⁶

24. None of the reports provide a robust consideration of alternatives. The focus of each report is the ultimate replacement of one or both lines. At no time was the FRPO and APPrO alternative of paced abandonment and refurbishment of the lines at an alternative pressure considered by the Reports. The details of a replacement and alternatives were not explored. In fact, the reports, endorse an entirely different alternative which is the abandonment of the London South Line and the operation of the London Dominion Line as a single feed. It is important to note that a single feed alternative was considered by Enbridge Gas as Alternative 1 in its review of alternatives. This alternative was to replace the Existing Lines with an NPS 12/8 1900 kPa MOP single fed line. It was not optimal since it provided no reliability of supply for emergency and operational scenarios and cost 24% more than the Project²⁷.
25. The alternative proposed by APPrO and FRPO is entirely one of their own making for which they have provided no technical support or evidence. Furthermore, it is impractical to pursue. If the pipeline was replaced in segments only, the new segments would need to be adequately sized to serve the system demand at the

²⁵ Exhibit I.BOMA.5, Attachment 1, p.15

²⁶ Exhibit I.BOMA.5, Attachment 3, p.17

²⁷ Exhibit B, Tab 2, Schedule 2, p.10

current operating pressure of the line (which is currently lower than 1900 kPa due leak mitigation), causing the design of the new pipeline to be much larger in size and more costly than the proposed design. If, based on the segmented approach proposed by APPrO and FRPO, NPS 4 and NPS 6 pipe was installed at 3450 kPa MOP, additional temporary system modifications to stations would need to be implemented to enable the pipeline to operate at two different pressures. The Project as the preferred alternative, with a reduced pipe size and a higher operating pressure with a back-feed, provides benefits from cost efficiencies primarily with the smaller pipe and fittings and the single mobilization for construction. The benefits and efficiencies of the Project would be lost. As a result of the foregoing, the APPrO and FRPO alternative should not be considered in the context of this Application and relative to the Project.

26. Although Environmental Defence (“ED”) accepted the need for the Project, ED was critical of Enbridge Gas’ consideration of Integrated Resource Planning (“IRP”) in conjunction with the consideration of alternatives. ED asserted that Enbridge Gas had not complied with Board directions regarding IRP because it did not conduct any IRP analysis at the preliminary stage of project development. It also suggested that in the evaluation of Alternative 5, which considers the use of Demand Side Management (“DSM”) to reduce the proportion of pipe forming part of the Project, only the costs of the DSM option were accounted for and not the cost savings from reduced gas use that accrue to customers via DSM.
27. On the former point, it is important to point out that Enbridge Gas initiated the current OEB proceeding (EB-2020-0091) to develop an IRP framework (EB-2020-0091) that considers the appropriate scope of alternatives. Enbridge Gas anticipates that the OEB will provide direction on how to address this issue for future projects²⁸.

²⁸ Exhibit I.STAFF.13

28. On the latter point, it is important to note that Enbridge Gas included a DSM component in the consideration of alternatives to permit the service of existing demand with a further reduction in pipe size relative to that of the Project. Enbridge Gas rejected Alternative 5 because it provides capacity to serve 2021 expected demand only and savings on pipeline size reduction would be exhausted by less than two years of supplemental DSM programming following which continued supplemental DSM spend or pipeline reinforcement would be required.²⁹ Although cost savings for reduced gas use was not considered, any additional costs of supplemental DSM programs to respond to the impact of demand growth was also not considered as part of the alternative. These are complex considerations that are more appropriately considered in EB-2020-0091 and should not be developed on a one-off basis, especially in a circumstance where the DSM based alternative is not economic, the impacts of DSM are uncertain relative to current demand and the need for the Project to occur on the intended schedule.
29. As noted by Pollution Probe, “it appears that Enbridge in this application has attempted to mature its IRP approach by conducting an analysis of broader options. This additional level of diligence has resulted in a downsizing of infrastructure needs and related costs.” In general, Pollution Probe stated that “... the proposal of Enbridge to replace existing NPS 8, 10 and 12 pipelines with proposed NPS 6 and 4 pipelines indicates that analysis has been done that enabled downsizing of the existing pipelines which will result in many of the benefits outlined above.”³⁰

C. Project Economics

30. The total estimated cost of the Project is \$164.1 million. Excluding indirect overheads, the total estimated incremental cost of the Project is \$133.9 million.

²⁹ Exhibit I.STAFF.12

³⁰ Pollution Probe, p.7

The proposed Leave to Construct (“leave”) seeks approval for the mainline costs of \$95.2 million. Enbridge Gas is not seeking approval for the ancillary facilities’ costs (i.e. stations, services, abandonment) in this application. These costs have been included in the total Project cost for completeness.

31. OEB staff submits that the forecast Project costs seem reasonable. However, Energy Probe submits that Enbridge Gas has not adequately justified its construction cost estimate. Energy Probe raised three concerns. These concerns are fully resolved either in the evidence or through the OEB’s regulatory practice and should not be taken into account by the OEB in granting leave to construct of the Project.
32. Referring to the Project’s three components - the 51.5 kilometer replacement of London Lines, the 8.4 kilometer Strathroy lateral, and the rebuilding of the Strathroy Gate Station – Energy Probe suggests that these components should be seen as separate discrete projects for purposes of ICM treatment.³¹ However, identifying aspects as component parts of a larger project does not lead to the conclusion that those components are separate discrete projects. This is an incorrect premise. The work reflected in these components will only occur in conjunction with each other and they do not exist independently of each other. They would not be undertaken except in conjunction with the project as a whole. As a result, they are one project for ICM purposes. In any event, the determination as to what complies with the OEB’s ICM policy is for the OEB panel that hears the ICM application and is not within the parameters of the public interest consideration related to a leave to construct application which is in respect of the mainline costs of \$95.2 million.
33. Energy Probe also raised concerns about the calculation of project contingency. Energy Probe indicated that since Enbridge Gas already spent \$4.8 million on the

³¹ Energy Probe, p. 2

Project, \$4.8 million of the project cost should be excluded from the application of the 15% contingency included within the \$164.1 million total project costs.

According to Energy Probe, without doing the foregoing, contingency is overstated by \$720,000.³² Energy Probe's assertion is incorrect and not an appropriate application of contingency. Contingency is a projected cost that is applied to the project as a whole. Enbridge Gas is at a very early stage of the Project and it is too early to draw on contingency.³³ Energy Probe's basis for bifurcation of the costs seems to be based on fact that the funds were expended in advance of the leave to construct application and for no other justifiable purpose. However, such expenditures arise in all projects since costs must be incurred to develop and advance a project not just for a leave to construct application but for other project development aspects. The risks for the Project as a whole as reflected in the contingency are not diminished purely because expenditures have been made and as such the full total project cost should be subject to contingency.

34. Energy Probe also asserted that there should be different contingency percentages applied to labour and materials on the basis that labour may be subject to natural factors such as "rain".³⁴ Energy Probe provided no basis whatsoever in support of its belief and should be considered as conjecture by the OEB. Although not affected by natural phenomena like weather, materials are subject to market risk, especially in the purchase of 75 kilometers of piping as in the case of the Project. In any event, "rain" is not an event which would normally be captured in contingency for labour which is impacted by aspects such as potential rerouting, extra depth of piping due to interferences, or changes in labour rates. The application of the same contingency percentage is appropriate and reasonable. Similar issue has been raised in the EB-2020-0136 proceeding. In its Decision, the OEB notes "that the purpose of examining costs in a leave to construct application

³² Energy Probe, p. 5

³³ Exhibit I.BOMA.9 b)

³⁴ Energy Probe, p. 5

is not to include them in rate base but to determine whether they are the most cost-effective way of undertaking the work. The OEB is not actually approving the budget or the contingency in this application. The actual spending on the Project will be reviewed when Enbridge applies to add the costs of this project to rate base.”³⁵

35. Within the total project cost of \$162.4 million, Enbridge Gas has included an amount for indirect overheads.³⁶ Energy Probe takes the position that because the indirect overheads are estimated using a percentage derived in the last rebasing and Enbridge Gas has provided no actual estimate of such overheads in this proceeding, then the entire project should be delayed pending Enbridge Gas’ future rebasing to reflect the overhead percentage derived at that time. Energy Probe’s position is not correct. First, the indirect overheads in question are not part of the \$95.2 million mainline costs that are part of the approval of this Application. Accordingly, the appropriateness of the indirect overheads allocated to the total project costs, is an issue for rate recovery in an ICM proceeding and not the leave to construct proceeding.
36. With respect to an ICM request, Pollution Probe made the novel assertion that the OEB should complete the capital funding request in an ICM application before providing a Leave to Construct approval for the Project.³⁷ Pollution Probe’s position is based upon a concern that a leave to construct approval would be taken as a pre-approval of capital recovery. Regardless of whether there is ICM relief or a rate rebasing the circumstance is the same from a regulatory perspective. In granting a leave to construct, the OEB has determined that the Project is in the public interest taking into account a number of aspects, including costs. The prudence of how the project is executed and the consideration of the actual costs incurred relative to the

³⁵ EB-2020-0136, Decision and Order, dated December 17, 2020, p. 9

³⁶ Energy Probe, p. 5

³⁷ Pollution Probe, p. 8

forecast project costs underlying the project for which leave to construct is granted, is the basis of the OEB's review in all rate recovery proceedings. To do otherwise, as suggested by Pollution Probe, would mean that a leave to construct that is in the public interest would be delayed to consider costs in an ICM proceeding when in fact the consideration of those costs rightfully occur in the leave to construct and are clearly part of the OEB's public interest consideration. To accept the course of conduct suggested by Pollution Probe would be regulatorily inefficient and to the prejudice to ratepayers by delaying projects that are in the public interest.

D. Land Matters

37. OEB staff requested that Enbridge Gas provide in its written reply submission an update on prospects and timeline of negotiations for permanent easement agreements on the two locations and for temporary land rights from the landowners along the Project route. Negotiations are ongoing with the landowners for permanent and temporary land rights along the Project route. Currently, 34 landowners have signed (indicating their agreement for land use for the project). Enbridge Gas is working diligently to connect with landowners along the new pipeline route to understand their concerns and have addressed concerns by modifying its construction plans.

E. Letters of Comment

38. OEB staff requested that Enbridge Gas provide in its final submission its position on the matters raised in four letters of comment related to the Project. With respect to the four letters of comment related to the Project, Enbridge Gas is working with the appropriate parties to address any of their concerns. Regarding the abandonment issue raised, the abandonment plans are still underdevelopment and easements will be reviewed on a case-by-case basis. Existing easement agreements will be adhered to and landowner input will be sought to understand their preferences. The land for one of the concerned parties is no longer required

for the Project. Regarding the request for gas service from two of the concerned parties, they should submit an inquiry through Enbridge Gas website at <https://www.uniongas.com/switchtogas/> or call 1-866-772-1045.

F. Conclusion

39. The Project is needed to address the existing integrity and degradation issues of the Existing Lines. The Project as the preferred alternative from the perspective of cost and physical characteristics with a reduced pipe size and a higher operating pressure that provides benefits of cost efficiencies primarily with the smaller pipe and fittings and the single mobilization for construction. The Project is in the public interest and leave to construct should be approved.

All of which is respectfully submitted, this 21st day of December, 2020

Enbridge Gas Inc.

By its Counsel Torys LLP



Charles Keizer
