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**BY EMAIL**

January 8, 2021

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

Dear Ms. Long:

**Re: Enbridge Gas Inc.  
Waterfront Relocation Project  
OEB Staff Submission on OEB Jurisdiction over Cost Responsibility  
Ontario Energy Board File Number: EB-2020-0198**

In accordance with Procedural Order No. 1, please find attached the OEB staff submissions for the above proceeding regarding the issue of the EOB's jurisdiction over cost responsibility. This document has been sent to Enbridge Gas Inc. and to all other registered parties to this proceeding.

Yours truly,

Ritchie Murray  
Project Advisor, Natural Gas Applications

c. Applicant and intervenors

Encl.



# **OEB Staff Submission on Procedural Order No. 1**

## **Waterfront Relocation Project**

**Enbridge Gas Inc.**

**EB-2020-0198**

**January 8, 2021**

# 1 INTRODUCTION

## 1.1 Overview of Application and Process to Date

On October 13, 2020, Enbridge Gas Inc. (Enbridge Gas) applied to the Ontario Energy Board (OEB) under sections 90 and 97 of the *Ontario Energy Board Act, 1998* (OEB Act), for an order granting leave to construct (LTC) approximately 1.9 kilometres of 20-inch diameter and approximately eight metres of 24-inch diameter natural gas pipeline and ancillary facilities in the City of Toronto (Proposed Pipeline). Enbridge Gas states that the Proposed Pipeline is required because of the need to relocate a section of existing pipeline that is located on the Keating Railway Bridge (Existing Pipeline), which is in conflict with the construction of Toronto Waterfront Revitalization Corporation (Waterfront Toronto) Port Lands Flood Protection and Enabling Infrastructure Project (PLFPEI). The application states that Enbridge Gas has advised Waterfront Toronto that it is responsible for providing a capital contribution of 100% of the costs of the relocation, similar to that of any other third party requesting a pipeline to be relocated. The abandonment and removal of the Existing Pipeline and construction of the Proposed Pipeline and associated facilities are collectively called the Project.

Procedural Order No. 1 was issued on December 10, 2020 and granted intervenor status to the City of Toronto (Toronto), Energy Probe Research Foundation (Energy Probe), Environmental Defence Canada Inc. (ED), Federation of Rental-housing Providers of Ontario (FRPO), Pollution Probe, Toronto and Region Conservation Authority (TRCA), Waterfront Toronto, and School Energy Coalition (SEC). In its intervention request, Waterfront Toronto stated that it believes that the OEB does not have the jurisdiction to allocate any of the costs of the Project to Waterfront Toronto.

Procedural Order No. 1 provided for written submissions from Enbridge Gas, OEB staff and the intervenors on two questions regarding the OEB's jurisdiction to determine cost responsibility for the Proposed Pipeline. Specifically, the OEB invited submissions in respect of the following questions:

- a) Does the OEB have the jurisdiction to determine cost responsibility for the Proposed Pipeline, including any allocation of costs to Waterfront Toronto? If the answer, to this question is "yes", what steps, if any, should the OEB take to address this situation?
- b) If the answer is "no", what steps can the OEB take to ensure that the costs of the Proposed Pipeline are not unfairly shifted to ratepayers and that the OEB is able to meet its statutory objectives which include protecting the interests of consumers with respect to prices and the adequacy, reliability and quality of gas service (OEB Act, s. 2)?

Procedural Orders No. 2 and No.3 revised the schedule in Procedural Order No. 1 such that Enbridge Gas and Waterfront Toronto were required to file their submissions on the jurisdictional questions by December 17, 2020 and submissions by OEB staff and intervenors were to be filed by January 8, 2021. Enbridge Gas may file a reply submission by January 15, 2021.

Procedural Order No. 3 also revised the dates set out in Procedural Orders No. 1 and No. 2 for the filing of interrogatories on the application and pre-filed evidence and responses to interrogatories.

## **1.2 Enbridge Gas' Submissions**

Enbridge Gas submitted that the OEB does have jurisdiction to determine the cost responsibility for the Project. The OEB has exclusive jurisdiction “in all cases and in respect of all matters” provided by section 19(6) of the OEB Act and the determination of cost responsibility is part of the OEB’s core function as an economic regulator of the natural gas industry.

Enbridge Gas stated that the OEB has exclusive authority over rates for the transmission, distribution and storage of natural gas. A “rate” means a rate, charge or other consideration, and can include capital contributions. Enbridge Gas’s capital expenditures, including accounting for capital contributions, are part of the ratemaking process employed by the OEB for Enbridge Gas and other utilities. Third party funding is recognized as a capital contribution in the calculation of rates and reduces the amounts that would otherwise be paid by ratepayers.

Enbridge Gas submitted that the question of what cost ratepayers or other persons should bear in rates is relevant to the OEB’s consideration of whether a proposed project is in the “public interest” and leave to construct should be granted. In order to grant leave to construct the Project, the OEB must determine whether the Project is in the public interest and such a determination rightfully includes consideration of cost responsibility.

In support of its arguments, Enbridge Gas referred to the OEB’s decision in the matter of the Windsor-Detroit Bridge pipeline relocation where the OEB identified the fact that Union Gas would receive 100% reimbursement and no ratepayer would be impacted as a factor in its consideration of the public interest.<sup>1</sup>

Enbridge Gas also referred to two service area amendment cases involving the relocation of plant by electrical utilities where the OEB considered the allocation of costs: E.L.K.

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<sup>1</sup> EB-2015-0366 (Windsor-Detroit Bridge Pipeline Relocation). Union Gas applied for leave to relocate 2 pipelines in order to accommodate a project of the Windsor Detroit Bridge Authority (WDBA).

Energy Inc.<sup>2</sup> and Orangeville Hydro.<sup>3</sup> Enbridge Gas submitted that, in both situations, the cost of relocating the infrastructure resulting from developments was subject to compensation from third party developers and the costs of the relocation were excluded from the analysis of costs for connecting the customers.

### **1.3 Waterfront Toronto's Submissions**

Waterfront Toronto disputes that the OEB has jurisdiction to order that any of the costs of the Project be paid by Waterfront Toronto. At no time did it ask for or accept the Proposed Pipeline and it is not in a position to pay for the Proposed Pipeline.

Waterfront Toronto stated that it suggested a number of alternatives to the Proposed Pipeline that could be implemented on a cost-effective basis, but that Enbridge Gas rejected them.<sup>4</sup>

Waterfront Toronto noted that, on October 30, 2020, the City of Toronto terminated its Bridge Access Permission for the Existing Pipeline to occupy the Keating Railway Bridge and the Existing Pipeline must be removed by May 2, 2022. Waterfront Toronto submitted that any dispute regarding the Bridge Access Permission is a matter for the Ontario courts, not the Ontario Energy Board.<sup>5</sup>

Waterfront Toronto referred to the OEB's 2013 decision in respect of Natural Resource Gas (NRG)<sup>6</sup> where the OEB determined that it had jurisdiction, under its rate making authority, to order a capital contribution for pipeline construction. The rationale was that the capital contribution contributed to the rate that the customer would be paying for gas. A critical element of the NRG decision was that the capital charge was directly related to the supply of gas to a particular customer and the rate for that gas. However, in the present case, Waterfront Toronto is not building a facility that needs gas and is not contracting for gas in any shape or form.<sup>7</sup> Waterfront Toronto submitted that the OEB does not have jurisdiction to order a non-customer to pay for a pipeline, has not previously done so, and should not start now.

Waterfront Toronto concludes that, even if the OEB finds that it has jurisdiction to allocate costs to Waterfront Toronto, it would not be responsible for any cost as it is not a gas customer nor will it be using the gas being transported on the Proposed Pipeline. Waterfront Toronto submitted that the principle that the 'beneficiary pays' underlies the

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<sup>2</sup> EB-2016-0155

<sup>3</sup> EB-2012-0181

<sup>4</sup> Waterfront Toronto submission, page 4 and Appendix, page 9

<sup>5</sup> A copy of the City of Toronto termination letter and 1955 Bridge Access Permission was filed with the City of Toronto's intervention request on November 30, 2020

<sup>6</sup> *Natural Resource Gas Limited*, EB-2012-0396 (February 7, 2013), page 4

<sup>7</sup> Waterfront Toronto submission, page 6

need for capital contributions and that any unfairness to ratepayers should be addressed when the OEB applies its well-established cost-allocation rules.<sup>8</sup>

## 2 OEB STAFF SUBMISSION

### *Question a)*

Does the OEB have the jurisdiction to determine cost responsibility for the Proposed Pipeline, including any allocation of costs to Waterfront Toronto? If the answer to this question is “yes”, what steps, if any, should the OEB take to address this situation?

OEB staff submits that the OEB has full jurisdiction over all of the rates related to the Proposed Pipeline.<sup>9</sup> In determining the ‘just and reasonable rates’ that Enbridge Gas may recover from ratepayers, the OEB must consider a variety of factors, including Enbridge Gas’ capital expenditures and the appropriate contributions by other persons to those capital expenditures.

However, OEB staff does not believe that the OEB can impose cost responsibility on Waterfront Toronto absent an agreement or statutory provisions to that effect.

OEB staff notes that the cases cited in Enbridge Gas’ submission all dealt with circumstances where there was an agreement with the third party requesting the relocation. In the Windsor-Detroit Bridge Pipeline Relocation case, Union Gas had an agreement with the third party requesting the relocation.<sup>10</sup> Similarly, in the two electricity cases, the utility had agreements with the third party developers to supply their subdivision projects with electricity distribution service.<sup>11</sup>

### **Background**

In OEB staff’s view, consideration of the cost of the Proposed Pipeline is within the scope of a leave to construct (LTC) proceeding, including consideration of whether any other entity should be contributing to the costs. OEB staff notes that Waterfront Toronto does

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<sup>8</sup> Waterfront Toronto submission at page 7 and referring to the OEB decision *EnbridgeGas Inc. Re Owen Sound Reinforcement Project* EB-2019-0183, at page 20

<sup>9</sup> *Ontario Energy Board Act, 1998*, S.O.1998, c.15, Sched. B, section 36

<sup>10</sup> In EB-2015-0366 (Windsor-Detroit Bridge Pipeline Relocation), the OEB made the following finding in its Decision (page 5), “The WDBA will reimburse Union for all costs associated with the Project (estimated at \$14.25 million). (footnote 3) There will therefore be no impact on Union’s ratepayers.” In footnote #3, the Decision referred to Union’s filing of a letter from WDBA confirming that it will reimburse Union.

<sup>11</sup> In EB-2016-0155 the OEB approved E.L.K.’s application to amend its service area in order to supply electricity distribution services to a developer. The decision noted (page 5), “The typical tests applied in contested SAA applications relate to the distribution infrastructure required to serve new load, safety and reliability, economic efficiency and customer preference.” In EB-2012-0181 the OEB approved a service area amendment allowing Orangeville Hydro to expand its distribution service area to provide electricity supply and distribution services to a new residential development.

not appear to be disputing the OEB's jurisdiction to consider cost responsibility in an LTC application other than directing a non-customer to bear any costs.

Section 96 of the OEB Act provides that the OEB shall make an order granting leave if the OEB finds that "the construction, expansion or reinforcement of the proposed work is in the public interest". When determining whether a project is in the "public interest", the OEB typically examines the need for the project, *the project cost and economics*, the environmental impacts, indigenous consultation, and impacts on landowners.<sup>12</sup> When considering "project cost and economics" in an LTC application, the OEB usually considers this factor in one of the following contexts:

1. Application to replace existing pipeline due to its deteriorating condition or to construct a new pipeline to reinforce supply to an existing natural gas system;
2. Application to construct a new natural gas system or expand the utility's existing network;
3. Application to relocate existing pipeline and facilities in response to a third-party request.

In the first type of application, if the utility can demonstrate the need for the project and the reasonableness of the costs, among other things, the project cost is generally allowed to be recovered from ratepayers in a subsequent rate application. In some LTC cases, the OEB may scrutinize the proposed project costs more intensively than in other cases.<sup>13</sup> In the case of a reinforcement project, the utility must also demonstrate appropriate selection of the proposed project from among the alternatives (including non-build alternatives).

In the second type of application, the utility must demonstrate the feasibility of the expansion costs and rate impacts. Guidance is provided in two key OEB decisions - EBO 188 and EBO 134 – which describe the economic test that should be used to evaluate a proposed expansion so that it does not lead to undue rate increases for existing customers.<sup>14</sup>

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<sup>12</sup> See for example EB-2015-0366 (Windsor-Detroit Bridge Pipeline Relocation) and EB-2019-0172 (Leave to Construct Windsor Pipeline Replacement Project)

<sup>13</sup> See for example EB-2019-0172 (Leave to Construct Windsor Pipeline Replacement Project) where the size and costs of the pipeline were still in dispute following interrogatories, a technical conference and undertakings. the OEB required Enbridge Gas to file an Argument-in-Chief specifically addressing the need and prudence of the size of the pipeline that Enbridge Gas sought to build.

<sup>14</sup> *EBO 188: Final Report of the Board*, January 30, 1998 and *EBO 134: Report of the Board - Guidelines for Assessing and Reporting on Natural Gas Expansion in Ontario*. The EBO 188 Report applies to distribution pipelines whereas EBO 134 applies to transmission pipelines. These Reports describe some of the financial thresholds that natural gas expansion plans need to meet in order to be eligible for cost recovery through OEB approved rates.

OEB staff notes that, in almost every LTC application driven by a third party request (the third type of application), the OEB will note if the costs are being recovered from the third party in considering the “project cost and economics” and whether the proposed project is in the public interest.<sup>15</sup> In these cases, a gas utility will generally have an agreement with the party requesting the relocation. The current proceeding before the OEB is unusual in that the question of cost responsibility has not been agreed upon between Enbridge Gas and a third party such as Waterfront Toronto or the City of Toronto.

In the case of municipalities, most of the municipalities in Ontario will have in place a Franchise Agreement with a gas utility that governs, among other things, cost responsibility for pipeline relocation projects. The more recent Franchise Agreements between gas utilities and municipalities are based on the OEB’s Model Franchise Agreement (MFA) which was developed in 2000 after extensive consultations with gas utilities and municipalities. Section 12 of the MFA (reproduced at Appendix B of OEB Staff’s Submission) addresses cost responsibility for pipeline relocations.<sup>16</sup>

OEB staff notes that there is no MFA in place between Enbridge Gas and the City of Toronto to inform this proceeding.

In addition to agreements such as the MFA, there are statutory provisions that address cost responsibility in particular circumstances. For example, if the relocation is required by a road authority, cost responsibility is addressed under the *Public Service Works on Highways Act* (PSWHA), which states that absent an agreement between the road authority and the utility, the costs are apportioned equally between them.<sup>17</sup> More recent legislation dealing with certain priority transit projects addresses the apportionment of costs related to utility relocations necessitated by those projects and provide that, absent agreement, Metrolinx must bear the actual costs of the work.<sup>18</sup>

## Submission

OEB staff notes that, in the present case, there is no MFA or statutory provision on the basis of which costs would be allocated to Waterfront Toronto. However, the MFA and statutory provisions could serve as a reference point for the parties to negotiate an agreement to present to the OEB in the context of this proceeding.

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<sup>15</sup> See for example EB-2015-0366 (Windsor-Detroit Bridge Pipeline Relocation)

<sup>16</sup> OEB Model Franchise Agreement, section 12

<https://www.oeb.ca/industry/rules-codes-and-requirements/model-franchise-agreement>

<sup>17</sup> *Public Service Works on Highways Act*, R.S.O. 1990, CHAPTER P.49, Section 2(2) states:

2 (2) The road authority and the utility company may agree upon the apportionment of the cost of labour employed in such taking up, removal or change, but, subject to section 3, in default of agreement such cost shall be apportioned equally between the road authority and the utility company, and all other costs of the work shall be borne by the utility company.

<sup>18</sup> *Building Transit Faster Act*, 2020, S.O. 2020, c.12, section 51

With respect to assessing cost responsibility generally, OEB staff notes that the OEB has jurisdiction to consider a voluntary agreement with respect to cost responsibility in this proceeding even if the OEB does not have authority to compel Waterfront Toronto to contribute to the Project costs.

The OEB's findings in a LTC application with respect to project costs will inform the consideration of the prudence of the cost in a future rate application in which Enbridge Gas may seek to recover some or all of the costs of the Project from ratepayers. For example, an LTC approval that includes findings expressing concerns about the project costs would indicate that further evidence regarding costs will need to be addressed in a subsequent rate application. If the LTC approval does not indicate concerns regarding project costs then the subsequent rate application would not include extensive consideration of the prudence of the costs incurred.

There are several examples of rate case decisions noting that the need for a project and prudence of the costs had already been established in the related LTC case. For example, in EB-2019-0194, Enbridge Gas requested ICM funding for two projects - the Don River Replacement Project and the Windsor Line Replacement Project. In respect of both projects, the OEB found that the need and prudence for the projects were established in the respective LTC decisions.<sup>19</sup>

Given that the issue of project cost and responsibility is a factor in almost every LTC application, OEB staff submits that the OEB has jurisdiction to consider it in this proceeding even if the OEB does not have clear authority to compel Waterfront Toronto to contribute to the Project costs.

Question a) in PO No.1 asks parties to comment on what next steps the OEB should undertake if it determines that it **does** have jurisdiction to determine cost responsibility for the Proposed Project.

OEB staff submits that the OEB should convene a settlement conference to address the cost responsibility aspect of this application as well as alternatives to the Proposed Pipeline advocated by other parties such as Waterfront Toronto, for example. If there is no agreement on cost responsibility and project configuration, the OEB can then provide for further procedural steps, such as filing of evidence and submissions on these aspects of the application (along with any other aspects on which the parties are unable to reach an agreement).

***Question b)***

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<sup>19</sup> EB-2019-0194 at paragraphs 29 and 49. See also EB-2011-0207 (Woodstock Hydro IRM) at para 65

The second question set out in PO No. 1 states that, if the OEB does not have jurisdiction to determine cost responsibility then what steps can the OEB take to ensure that the costs of the Proposed Pipeline are not unfairly shifted to ratepayers and that the OEB is able to meet its statutory objectives which include protecting the interests of consumers with respect to prices and the adequacy, reliability and quality of gas service?

While OEB staff submits that the OEB **does** have jurisdiction to consider cost responsibility in this LTC proceeding, in the event that the panel determines that it does not have jurisdiction, then OEB staff makes the following submission in respect of Question b).

If cost responsibility is not addressed in the LTC proceeding, OEB staff expects that Enbridge Gas will file a rate application to recover some or all of the Project costs from ratepayers.<sup>20</sup>

As discussed above, if project cost reasonableness and responsibility are not addressed in this proceeding, the question of whether ratepayers are responsible for the Project cost remains an open issue to be determined in a subsequent rate application. If Enbridge Gas applies to recover the Project costs from ratepayers, it will be required to provide justification that the Project costs were prudently incurred and at that time the OEB would determine cost allocation between ratepayers and Enbridge Gas's shareholders.

In OEB staff's view, if the OEB determines that it does not have jurisdiction to determine costs in this LTC proceeding where a third party non-customer is requesting the relocation, then a subsequent rate application would be an appropriate forum to deal with the prudence of the Project costs that Enbridge Gas may incur, thereby ensuring that ratepayers are not unnecessarily burdened and consumer interests are protected.

### 3 CONCLUSION

As discussed in response to Question a), OEB staff submits that consideration of the cost of the Proposed Pipeline is within the scope of this proceeding, including consideration of whether any third party should be contributing to the costs. However, OEB staff is of the view that the OEB cannot compel Waterfront Toronto to contribute to the Project cost.

In response to Question b), if the panel determines that it does not have jurisdiction to consider cost responsibility in this proceeding then the question of whether the project costs can be recovered from ratepayers will have to be addressed in a subsequent rate application. If the OEB ultimately grants the LTC and the question of cost responsibility is not addressed, the OEB's decision should clearly indicate that the prudence of the costs

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<sup>20</sup> Enbridge Gas's next IRM adjustment application would be for rates effective January 2022 and its next rebasing application would be for rates effective starting January 2024.

that Enbridge Gas may incur is an issue to be determined in a subsequent rate application.

*All of which is respectfully submitted.*

## **Appendix A**

### **Relevant Excerpts from OEB Act**

#### **Board's powers, general**

##### **Power to determine law and fact**

19 (1) The Board has in all matters within its jurisdiction authority to hear and determine all questions of law and of fact. 1998, c. 15, Sched. B, s. 19 (1).

##### **Order**

(2) The Board shall make any determination in a proceeding by order. 1998, c. 15, Sched. B, s. 19 (2); 2001, c. 9, Sched. F, s. 2 (1).

##### **Reference**

(3) If a proceeding before the Board is commenced by a reference to the Board by the Minister of Natural Resources, the Board shall proceed in accordance with the reference. 1998, c. 15, Sched. B, s. 19 (3).

##### **Additional powers and duties**

(4) The Board of its own motion may, and if so directed by the Minister under section 28 or otherwise shall, determine any matter that under this Act or the regulations it may upon an application determine and in so doing the Board has and may exercise the same powers as upon an application. 1998, c. 15, Sched. B, s. 19 (4).

##### **Exception**

(5) Unless specifically provided otherwise, subsection (4) does not apply to any application under the *Electricity Act, 1998* or any other Act. 1998, c. 15, Sched. B, s. 19 (5).

##### **Jurisdiction exclusive**

(6) The Board has exclusive jurisdiction in all cases and in respect of all matters in which jurisdiction is conferred on it by this or any other Act. 1998, c. 15, Sched. B, s. 19 (6).

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### **Order of Board required**

**36** (1) No gas transmitter, gas distributor or storage company shall sell gas or charge for the transmission, distribution or storage of gas except in accordance with an order of the Board, which is not bound by the terms of any contract. 1998, c. 15, Sched. B, s. 36 (1).

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### **Order re: rates**

(2) The Board may make orders approving or fixing just and reasonable rates for the sale of gas by gas transmitters, gas distributors and storage companies, and for the transmission, distribution and storage of gas. 1998, c. 15, Sched. B, s. 36 (2).

### **Power of Board**

(3) In approving or fixing just and reasonable rates, the Board may adopt any method or technique that it considers appropriate. 1998, c. 15, Sched. B, s. 36 (3).

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### **Leave to construct hydrocarbon line**

**90** (1) No person shall construct a hydrocarbon line without first obtaining from the Board an order granting leave to construct the hydrocarbon line if,

- (a) the proposed hydrocarbon line is more than 20 kilometres in length;
- (b) the proposed hydrocarbon line is projected to cost more than the amount prescribed by the regulations;
- (c) any part of the proposed hydrocarbon line,
  - (i) uses pipe that has a nominal pipe size of 12 inches or more, and
  - (ii) has an operating pressure of 2,000 kilopascals or more; or
- (d) criteria prescribed by the regulations are met. 2003, c. 3, s. 63 (1).

### **Exception**

(2) Subsection (1) does not apply to the relocation or reconstruction of a hydrocarbon line unless the size of the line is changed or unless the acquisition of additional land or

authority to use additional land is necessary. 1998, c. 15, Sched. B, s. 90 (2); 2003, c. 3, s. 63 (2).

**Application for leave to construct hydrocarbon line or station**

**91** Any person may, before constructing a hydrocarbon line to which section 90 does not apply or a station, apply to the Board for an order granting leave to construct the hydrocarbon line or station. 2003, c. 3, s. 64.

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**Order allowing work to be carried out**

**96** (1) If, after considering an application under section 90, 91 or 92 the Board is of the opinion that the construction, expansion or reinforcement of the proposed work is in the public interest, it shall make an order granting leave to carry out the work. 1998, c. 15, Sched. B, s. 96.

## Appendix B

### Excerpt from OEB Model Franchise Agreement

#### 12. Pipeline Relocation

a. If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.

b. Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.

c. Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:

- i. the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
- ii. the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
- iii. the amount paid by the Gas Company to contractors for work related to the project,
- iv. the cost to the Gas Company for materials used in connection with the project, and
- v. a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.

d. The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.