

Enbridge Gas Inc.

**Application for natural gas distribution rates and other
charges effective January 1, 2021**

**PROCEDURAL ORDER NO. 3
February 5, 2021**

Enbridge Gas Inc. (Enbridge Gas) filed an application with the Ontario Energy Board (OEB) on October 15, 2020 under section 36 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, seeking approval for unit rates related to its 2021 Incremental Capital Module (ICM) funding request.

Interrogatories have been answered and, according to the schedule for this proceeding established in Procedural Order No. 1, Enbridge Gas's argument-in-chief was due to be filed on February 1, 2021. However, in a letter dated January 28, 2021, Enbridge Gas requested that it be permitted to file updated evidence by February 22, 2021 regarding one of the projects for which it is seeking ICM funding, the St. Laurent NPS 12 Replacement Project, Phase 3 (St. Laurent Phase 3 Project). On the same day, several intervenors asked the OEB to schedule a technical conference for further clarification regarding certain interrogatory responses.

The following day, the OEB issued Procedural Order No. 2, suspending the deadlines for filing written arguments pending the OEB's determination of the two procedural requests. Below, the OEB sets out directions to the parties in respect of those requests.

Filing of Updated Evidence: St. Laurent Phase 3 Project

Enbridge Gas in its correspondence dated January 28, 2021 requested permission to file updated evidence on February 22, 2021 regarding the St. Laurent Phase 3 Project for which ICM funding is requested in 2021. Enbridge Gas explained that the estimated costs for the project have gone up since its evidence was filed in this proceeding. Additionally, Enbridge Gas indicated that it would file a Leave to Construct (LTC) application for Phases 3 and 4 of the St. Laurent Project by February 16, 2021. (Initially,

in this ICM application, Enbridge Gas indicated that the LTC application would be filed in December 2020.)

Before making a decision on Enbridge Gas's request, the OEB requires further information from Enbridge Gas.

The OEB has a number of concerns with the potential implications of granting Enbridge Gas's request:

- **Delay:** Allowing the filing of updated evidence, and further discovery in relation to that evidence would significantly delay this proceeding. That delay would affect the other two projects at issue in this proceeding (the London Line Replacement and the Sarnia Industrial Line Reinforcement, which both have approved LTC applications).
- **Regulatory efficiency / avoiding overlap:** Under Enbridge Gas's proposal as the OEB understands it, the OEB would proceed to decide the ICM request for the St. Laurent Phase 3 Project prior to issuing a decision on the LTC application. Enbridge Gas's interrogatory responses indicate that the project's need and prudence, two of the ICM criteria, will be addressed in the LTC proceeding. However, it would appear that much of the updated evidence Enbridge Gas proposes to file in this proceeding would overlap with the evidence in the LTC proceeding. The OEB seeks to avoid duplication of effort and strives to proceed efficiently in hearing both the ICM and LTC applications.
- **In-service date:** The evidence to date in this application indicates that the planned in-service date for the St. Laurent Phase 3 Project is December 2021, which was premised upon filing a LTC application in December 2020. Enbridge Gas's letter requesting the filing of additional evidence did not indicate if the in-service date would be delayed beyond 2021.
- **Holistic approach to project evaluation:** The OEB wants to ensure it is appropriate to consider funding for Phase 3 separate from Phase 4, given the OEB's EB-2019-0006 Decision in which the OEB approved Phase 2 and indicated that "the OEB expects that the remaining multi-phases of the St. Laurent Project be dealt with on a comprehensive basis, in one application". Further, the OEB's ICM policy specifies that ICM funding is only available for "discrete" projects. The OEB invites Enbridge Gas's views on whether it is appropriate to consider Phase 3 as a discrete project from Phase 4 for the purpose of ICM funding.

The OEB asks that Enbridge Gas address these concerns in a brief written submission to be filed no later than February 16, 2021. In particular, the OEB would be assisted by understanding Enbridge Gas's views on whether, in light of these concerns, it would be more appropriate to defer consideration of ICM funding for the St. Laurent Phase 3 Project until Enbridge Gas's next annual incentive rate-setting mechanism (IRM) application, for 2022 rates, by which time the outcome of the pending LTC proceeding will likely be known.

Technical Conference

Several intervenors requested a technical conference to address their concerns with the evidentiary record to date. In particular, intervenors expressed concerns with Enbridge Gas's responses to interrogatories concerning its Utility System Plan (USP) and how the three projects for which ICM funding is requested fit in to the company's overall approach to planning and prioritizing its capital projects. Enbridge Gas did not object to a technical conference, but suggested that the scope be "expressly limited to items that are at issue in relation to Enbridge Gas's request for approval of ICM unit rates related to the three 2021 ICM Projects, and should not include revisiting or examining items that have been or will be considered in the LTC applications for the 2021 ICM Projects". Two intervenors responded by urging the OEB not to narrow the scope of the technical conference in that manner.

The OEB has decided to schedule a one-day technical conference on Wednesday, February 17, 2021 to allow intervenors and OEB staff to ask questions regarding the interrogatory responses provided by Enbridge Gas.

The OEB has determined that the scope of the technical conference will be limited to questions based on interrogatory responses that concern the approval of the London Line Replacement and the Sarnia Industrial Line Reinforcement projects. The OEB will provide guidance on the St. Laurent Project Phase 3 Project once it has reviewed Enbridge Gas's submission in response to its request above. In the meantime, the OEB does not want to delay the application in respect of the other two projects.

At the technical conference, Enbridge Gas should be prepared to respond to questions pertaining to how the London Line Replacement and the Sarnia Industrial Line Reinforcement projects are informed by the USP and Asset Management Plan (AMP). Review of the consolidated USP and AMP is necessary only so far as it provides context for hearing the ICM applications and determining the maximum eligible

incremental capital for 2021. This is an IRM application. The intent is not to undertake the same detailed assessment of the USP and AMP that would normally occur in a rebasing application (cost of service or Custom IR). The USP and AMP will be assessed in the next rebasing application, along with the overall capital plan.

IT IS THEREFORE ORDERED THAT:

1. Enbridge Gas shall file a submission responding to the OEB's concerns as described in this Procedural Order and serve it on all intervenors by **February 16, 2021**.
2. A transcribed, virtual technical conference will be held on **February 17, 2021**, starting at 9:30 a.m. Information on how to participate will be communicated to parties in advance.

All materials filed with the OEB must quote the file number, **EB-2020-0181**, and be submitted in a searchable/unrestricted PDF format with a digital signature through the OEB's web portal at <https://p-pes.ontarioenergyboard.ca/PivotalUX/>. Filings must clearly state the sender's name, postal address, telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at www.oeb.ca/industry. We encourage the use of RESS; however, parties who have not yet [set up an account](#), may email their documents to registrar@oeb.ca.

All communications should be directed to the attention of the Registrar and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Khalil Viraney at Khalil.Viraney@oeb.ca and OEB Counsel, Ian Richler at Ian.Richler@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-888-632-6273 (Toll free)

Fax: 416-440-7656

DATED at Toronto, **February 5, 2021**

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar