



Ontario | Commission  
Energy | de l'énergie  
Board | de l'Ontario

# DECISION AND ORDER

**EB-2021-0148**

## ENBRIDGE GAS INC.

**Application for 2022 Rates – Incremental Capital Module Funding Request (Phase 2)**

**BEFORE: Allison Duff**  
Presiding Commissioner

**Patrick Moran**  
Commissioner

**Anthony Zlahtic**  
Commissioner

---

**April 12, 2022**

**Revised April 20, 2022**



## TABLE OF CONTENTS

<b>1</b>	<b>OVERVIEW.....</b>	<b>1</b>
<b>2</b>	<b>THE PROCESS .....</b>	<b>2</b>
<b>3</b>	<b>DECISION.....</b>	<b>4</b>
<b>3.1</b>	<b>ELIGIBILITY FOR ICM FUNDING .....</b>	<b>4</b>
<b>3.2</b>	<b>UTILITY SYSTEM PLAN AND ASSET MANAGEMENT PLAN.....</b>	<b>23</b>
<b>4</b>	<b>IMPLEMENTATION.....</b>	<b>27</b>
<b>5</b>	<b>ORDER .....</b>	<b>28</b>

# 1 OVERVIEW

Enbridge Gas Inc. is seeking approval for unit rates related to its 2022 Incremental Capital Module (ICM) funding request for five capital projects, namely:<sup>1</sup>

- St. Laurent Phase 3 Ottawa North Replacement
- Cherry to Bathurst NPS 20 Replacement
- Dawn to Cuthbert Replacement and Retrofits
- Byron Transmission Station
- Kirkland Lake Lateral Replacement

For the reasons that follow, the Ontario Energy Board (OEB) approves ICM funding for the Cherry to Bathurst project only.

---

<sup>1</sup> See Table 1 for summary of project details.

## 2 THE PROCESS

On August 30, 2018, the OEB approved the amalgamation of Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union Gas).<sup>2</sup> In the amalgamation decision (the MAADs Decision), the OEB also approved a rate-setting framework and associated parameters for the deferred rebasing period of 2019 to 2023. The companies amalgamated to form Enbridge Gas Inc. (Enbridge Gas) on January 1, 2019. Enbridge Gas maintains separate rates for the EGD rate zone, the Union South rate zone, the Union North West rate zone, and the Union North East rate zone until its rates are rebased.

This application is the second phase of Enbridge Gas's request for rate changes in 2022. Enbridge Gas filed this second phase of its 2022 distribution rate application with the OEB on October 15, 2021, under section 36 of the *Ontario Energy Board Act, 1998*, seeking approval of ICM funding request for five capital projects in 2022. In a Decision and Interim Rate Order issued on October 28, 2021, the OEB decided all issues in Phase 1 of the proceeding.<sup>3</sup>

On November 29, 2021, the OEB issued Procedural Order No. 1 in respect of Phase 2 which, among other things, set timelines for the filing of interrogatories, responses to interrogatories, and approved the following intervenors:

- Association of Power Producers of Ontario (APPrO)
- Canadian Manufacturers and Exporters (CME)
- City of Kitchener (Kitchener)
- Consumers Council of Canada (CCC)
- Energy Probe Research Foundation (Energy Probe)
- Environmental Defence
- Federation of Rental-housing Providers of Ontario (FRPO)
- Industrial Gas Users Association (IGUA)
- London Property Management Association (LPMA)
- Pollution Probe
- School Energy Coalition (SEC)
- Six Nations Natural Gas (SNNG)
- TransCanada PipeLines Limited (TCPL)
- Vulnerable Energy Consumers Coalition (VECC)

---

<sup>2</sup> EB-2017-0306 / 0307, Decision and Order August 30, 2018 (MAADs Decision).

<sup>3</sup> EB-2021-0147

Enbridge Gas filed responses to the interrogatories on January 21, 2022, which included a request for confidential treatment of certain items. Subsequent to Procedural Order No. 1, a letter was filed by the SEC on behalf of itself and the other ten intervenors on January 28, 2022, asking the OEB to consider scheduling a settlement conference in this proceeding. Enbridge Gas filed a letter on January 31, 2022, saying it was open to a one-day session focused solely on the ICM requests.

The OEB issued Procedural Order No. 2, which addressed Enbridge Gas's confidentiality request, scheduled a settlement conference, and requested additional information from Enbridge Gas to clarify the ICM threshold calculations for 2022. On February 9, 2022, Enbridge Gas filed responses to the OEB's request for information.

After reviewing the interrogatory responses and consideration of letters filed by SEC and Enbridge Gas, the OEB scheduled a one-day settlement conference for February 22, 2022. As there are five projects for which ICM funding is proposed in 2022, the OEB determined that it would not be expedient or efficient for the OEB to receive and decide on a partial settlement proposal before proceeding with submissions on the unsettled issues. The OEB established a schedule for written submissions on all issues in the event a complete settlement was not reached.

A settlement conference was held on February 22, 2022. Parties did not reach a settlement. On February 28, 2022, Enbridge Gas submitted a response to an additional information request arising from the settlement conference regarding the Kirkland Lake project.

Intervenors and OEB staff filed submissions on March 4, 2022. Enbridge Gas filed its reply submission on March 11, 2022.

### 3 DECISION

#### 3.1 Eligibility for ICM Funding

Table 1 provides a summary of the projects for which Enbridge Gas is requesting ICM funding in 2022.

**Table 1 – Summary of Projects**

<b>Project Name</b>	St. Laurent Phase 3 Ottawa North Replacement	Cherry to Bathurst NPS 20 Replacement	Dawn to Cuthbert Replacement and Retrofits	Byron Transmission Station	Kirkland Lake Lateral Replacement
<b>Project Scope</b>	Replacing 16km of steel gas main and 400m of extra high- pressure pipeline	Replacing a 4.5km and 260m section of the Kipling Oshawa Loop pipeline	Replacing 650m of pipeline and installation of a launcher and receiver	Complete replacement of the existing station	Replacing 8km of the existing NPS 4 Kirkland Lake Lateral pipeline
<b>Total Project Costs</b>	\$88.5M	\$129.9M	\$24.2M	\$20.4M	\$20.7M
<b>2022 ICM Funding Request</b>	\$86.0M	\$126.6M	\$23.5M	\$20.4M	\$20.7M
<b>Proposed In-Service Date</b>	December 2022	October 2022	September 2022	August 2022	November 2022
<b>Leave to Construct Status</b>	EB-2020-0293 Leave to Construct in progress	EB-2020-0136 Leave to Construct approved Dec 17, 2020	No Leave to Construct required	No Leave to Construct required	No Leave to Construct required
<b>Overhead Amount<sup>4</sup></b>	\$15.8M	\$23.0M	\$4.4M	\$3.6M	\$3.8M
<b>Contingency</b>	15% and 30% for certain asset costs	30%	11%	12%	25%

<sup>4</sup> Overhead amounts based on OEB-approved methodology prior to January 1, 2019, amalgamation.

Enbridge Gas Rate Zones	EGD rate zone	EGD rate zone	Union South rate zone	Union South rate zone	Union North rate zone
-------------------------	---------------	---------------	-----------------------	-----------------------	-----------------------

The ICM is a funding mechanism for significant, incremental, and discrete capital projects for which a utility is granted rate recovery through rate riders in advance of the next rebasing application. To qualify for ICM funding, a request must satisfy the eligibility criteria of materiality, need and prudence, as set out in section 4.1.5 of the Advanced Capital Module (ACM) Report.<sup>5</sup> Changes to the materiality threshold were subsequently made by the OEB.<sup>6</sup>

In the MAADs Decision, the OEB permitted Enbridge Gas to request ICM funding during the deferred rebasing period. The OEB also determined that any individual project for which ICM funding is sought must have an in-service capital addition of at least \$10 million, reducing the likelihood of any proposed ICM project being found not to be significant.<sup>7</sup> In the 2019 rates decision, the OEB outlined the approach that would be used to evaluate Enbridge Gas's ICM requests during the deferred rebasing term, including the way the materiality threshold would be calculated.<sup>8</sup>

### 3.1.1 Materiality: Maximum Eligible Incremental Capital

The maximum eligible incremental capital determines the maximum ICM funding that a utility can request during a rate year and is based on the capital budget forecast. Based on its 2022 capital budget forecast of \$1.2774 billion (\$734.3 million for EGD rate zone and \$543.1 million for Union rate zones), Enbridge Gas calculated that the 2022 maximum eligible incremental capital available is \$300.4 million (\$212.8 million EGD rate zone plus \$87.6 million for the Union rate zones). The maximum eligible incremental capital amount excludes amalgamation projects.

Table 2 summarizes the 2022 in-service capital amounts and the ICM funding request by project and in total.

<sup>5</sup> EB-2014-0129, Report of the Board New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, September 18, 2014, p. 16.

<sup>6</sup> EB-2014-0219, New Policy Options for the Funding of Capital Investments: Supplemental Report, January 22, 2016, p. 19.

<sup>7</sup> EB-2017-0306/0307, Decision and Order, August 30, 2018, pp. 32-33.

<sup>8</sup> EB-2018-0305, Decision and Order, September 12, 2019, pp. 15-17.

**Table 2 – 2022 ICM Funding Calculations**

	<b>EGD Rate Zone (\$ million)</b>	<b>Union Rate Zones (\$ million)</b>	<b>Total (\$ million)</b>
<b>2022 In-Service Capital Budget Forecast</b>	\$734.3	\$543.1	\$1,277.4
<b>Materiality Threshold Value</b>	(\$521.5)	(\$455.5)	(\$977.0)
<b>2022 Maximum Eligible Incremental Capital</b>	<b>\$212.8</b>	<b>\$87.6</b>	<b>\$300.4</b>
<b>St. Laurent Phase 3</b>	\$86.0	n/a	\$86.0
<b>Cherry to Bathurst</b>	\$126.6	n/a	\$126.6
<b>Dawn to Cuthbert</b>	n/a	\$23.5 million	\$23.5 million
<b>Byron Transmission Station</b>	n/a	\$20.4 million	\$20.4 million
<b>Kirkland Lake</b>	n/a	\$20.7 million	\$20.7 million
<b>Total ICM Funding Request</b>	<b>\$212.7 million</b>	<b>\$64.6 million</b>	<b>\$277.3 million</b>

Several intervenors submitted concerns with Enbridge Gas's calculation of the 2022 Maximum Eligible Incremental Capital, suggesting that the 2022 capital budget forecast for the EGD rate zone was too high, leading to a higher maximum available for ICM funding in 2022.

CME highlighted the significant increases in General Plant capital spending in both the EGD and Union rate zones.<sup>9</sup> OEB staff noted that Enbridge Gas in its update to its AMP has proposed a \$20.3 million increase in General Plant capital expenditures in 2022 for the EGD rate zone, and that this represents a significant increase in General Plant in 2022 (and 2023) relative to the average of past years.<sup>10</sup> OEB staff submitted that 2022 General Plant capital expenditures for the EGD rate zone should be reduced by \$20.3

<sup>9</sup> CME Submission, pp. 7-8.

<sup>10</sup> OEB Staff Submission, p. 6.



million. SEC also submitted that the capital budget for 2022 should be reduced by this increase in the General Plant budget, resulting in maximum eligible ICM expenditures being reduced to \$192.5 million (i.e., a reduction of \$20.3 million).<sup>11</sup>

ED submitted that any ICM amount approved in this ICM proceeding should be reduced, as the base budget used to calculate the maximum ICM eligible amount is unduly high based on a comparison to previous years.<sup>12</sup> This is significant for this proceeding, but also for rebasing, as a continuation of base budget increases would have significant customer cost impacts.

FRPO noted that it raised the issue of Enbridge Gas's record-increases in forecast capital spending during the last ICM proceeding. In this proceeding, the forecast appears to change every year as a result of the AMP Addendum that was filed. If there is a trend to higher in-service capital additions, LPMA submitted that the OEB should revisit the entire ICM eligibility construct and the value, or lack thereof, of multi-year plans.<sup>13</sup>

Enbridge Gas disagreed, asserting that the General Plant expenditures include a variety of non-pipeline costs.<sup>14</sup> The components of the EGD rate zone General Plant capital expenditures for each year over a ten-year period are set out in evidence, with this category including facilities and land, IT and vehicles that sustain activities to support the utility. Enbridge Gas submitted it is not reasonable or necessary to conclude that the increase in 2022 General Plant forecast in-service costs is a reason that would support a \$20.3 million reduction to the 2022 Maximum Eligible Incremental Capital Amount for the EGD rate zone.<sup>15</sup>

## Findings

The OEB finds that Enbridge Gas accurately calculated the maximum eligible incremental capital at \$212.8 million for the EGD rate zone and \$87.6 million for the Union rate zones based on the OEB-approved overhead allocation and the 2022 capital budget forecasts. The OEB notes the submissions made by SEC and OEB staff advocating a reduction in the 2022 forecast in-service capital for the EGD rate zone. As

---

<sup>11</sup> SEC Submission, p. 4.

<sup>12</sup> ED Submission, p. 2.

<sup>13</sup> FRPO Submission, p. 1.

<sup>14</sup> Enbridge Reply Submission, p. 8.

<sup>15</sup> Enbridge Reply Submission, p. 9.

noted in Section 3.2 of this Decision, this application is not the appropriate proceeding to undertake a bottom-up approach to scrutinize Enbridge Gas's USP, AMP and the AMP Addendum.

### 3.1.2 Project Specific Materiality

The OEB adopted a second, project-specific materiality test in the ACM Report. The project-specific materiality test is as follows:

Minor expenditures in comparison to the overall capital budget should be considered ineligible for ACM or ICM treatment. A certain degree of project expenditure over and above the Board-defined threshold calculation is expected to be absorbed within the total capital budget.<sup>16</sup>

VECC submitted that the \$10 million project-specific materiality threshold was clarified by the OEB in the 2021 ICM proceeding,<sup>17</sup> citing that the OEB rejected ICM funding for the Sarnia project on the basis of its small size relative to the overall capital budget, and that the incremental revenue exceeded the revenue requirement for the 2021-2023 deferred rebasing period. In the 2021 ICM Decision, the OEB established that ICM projects must be a significant departure from normal project spending as measured against its normal capital spending, and that any significant incremental revenues associated with the project must be considered.<sup>18</sup>

Where applicable, project specific materiality is addressed in each project specific section of the Decision below.

### 3.1.3 Need and Prudence

The ICM policy requires an assessment of whether ICM funding is needed by meeting the following criteria:

- the Means Test
- the amounts must be based on discrete projects, and should be directly related to the claimed driver

---

<sup>16</sup> ACM Report, p. 17.

<sup>17</sup> EB-2020-0181.

<sup>18</sup> VECC Submission, p. 4.

- the amounts must be clearly outside of the base upon which the existing rates were derived<sup>19</sup>

The prudence test for ICM funding requires that the amounts incurred be prudent. This means that the distributor's decision to incur the amounts must represent the most cost-effective option (not necessarily least initial cost) for ratepayers.

### Means Test

Under the Means Test, if a distributor's regulated return on equity (ROE) exceeds 300 basis points above the deemed ROE embedded in the distributor's rates, then the funding for any incremental capital project is not permitted.<sup>20</sup> Enbridge Gas in its application confirmed that its ROE did not exceed 300 basis points above the deemed ROE. Enbridge Gas's return on equity as noted in its 2020 Earnings Sharing and Deferral and Variance Account disposition proceeding<sup>21</sup> was 8.717%, which is 19.7 bps above the 2020 OEB-approved ROE of 8.52%.

No intervenor disagreed with Enbridge Gas's submission that it meets the Means Test for ICM eligibility.

### Finding

The OEB finds that Enbridge Gas passes the Means Test and is eligible for ICM funding.

Where applicable, the remaining criteria relating to need and prudence are addressed in each project specific section of the Decision below.

## 3.1.4 St. Laurent Phase 3 Project

### Need and Prudence

Enbridge Gas filed a Leave to Construct (LTC) application with the OEB for the St. Laurent Phase 3 and Phase 4 Ottawa North Replacement Project on March 2, 2021.<sup>22</sup>

---

<sup>19</sup> ACM Report, p. 17.

<sup>20</sup> ACM Report, p. 17.

<sup>21</sup> EB-2020-0134.

<sup>22</sup> EB-2020-0293.

A revised LTC application was filed on September 10, 2021, and the proceeding is still in progress.

The project would replace approximately 16 km of NPS 12 extra high pressure steel gas main and approximately 400 m of NPS 16 extra high pressure steel gas main in the city of Ottawa.

In this proceeding, the OEB indicated that because the need and prudence of the project is the subject of a separate LTC application, those issues are out of scope in this proceeding.<sup>23</sup>

### **Does the Project Qualify For 2022 ICM Funding?**

According to the current procedural schedule for the St. Laurent LTC proceeding and the OEB's performance standards for complex LTC applications, a decision on this application would be expected by Q2 of 2022.

In their submissions, several intervenors took issue with the inclusion of the St. Laurent Phase 3 project for ICM funding in this proceeding, noting the project is the subject of an ongoing LTC proceeding before the OEB.<sup>24</sup> As the need and prudence are established in LTC proceedings and not ICM applications, they argued that the St. Laurent project is ineligible for ICM funding because need and prudence have not yet been established. CCC and IGUA both submitted that it would be premature for the OEB to approve ICM funding prior to LTC approval. VECC claimed that even conditional ICM funding may lead to questions of the "regulator's open mind" when project need is being assessed in a different, ongoing proceeding. VECC further submitted that unanticipated LTC conditions precedent might be significant to the consideration of ICM funding.

Energy Probe submitted that the St. Laurent Phase 3 project consists of not one but two discrete projects at two different locations, and that the smaller of the two projects, 400 meters of NPS 16, is likely under the minimum \$10 million ICM threshold and was included for the purpose of ICM funding.<sup>25</sup> CME submitted that in order for the St.

---

<sup>23</sup> OEB letter, December 10, 2021.

<sup>24</sup> CCC, SEC, ED, IGUA, CME, Energy Probe, Pollution Probe, and LPMA.

<sup>25</sup> Energy Probe (EP) Submission, p. 12.

Laurent project to be eligible for ICM funding, Enbridge Gas must establish, inter alia, that the project is needed and prudent.<sup>26</sup>

SEC submitted that the original construction schedule was 12 months, which was reduced to 9 months when Enbridge Gas refiled its LTC evidence in September 2021. If LTC is granted in June 2022, Enbridge Gas cannot start the project until July. It would have to complete the project in five months to maintain a 2022 in-service date. While Enbridge Gas stated that it would add crews to meet the 2022 date, SEC argued that it was still not clear how that plan would be achieved.

Enbridge Gas replied that while it is seeking LTC approval from the OEB for both Phase 3 and Phase 4 of the St. Laurent Ottawa North Replacement Project, the company is only requesting 2022 ICM funding for Phase 3.<sup>27</sup>

Enbridge Gas disagreed with intervenors who argued against the inclusion of the St. Laurent project for ICM funding.<sup>28</sup> If Enbridge Gas were to wait for that LTC approval, as most intervenors submitted, and re-file a new 2022 ICM Application, the risk of regulatory duplication is much higher, running contrary to the OEB's efforts to increase regulatory efficiency. Enbridge Gas submitted that ratepayers would be protected, as the ICM rate rider for the St. Laurent project would not be implemented until after LTC approval is granted and would not be implemented if LTC approval is denied.<sup>29</sup> If the in-service date for the project is different from forecast, ratepayers would be refunded any amounts paid in relation to the earlier forecast date.

Enbridge Gas submitted it is unnecessary for the OEB to issue LTC approval before ICM approval,<sup>30</sup> asserting that it is reasonable for the OEB to grant conditional ICM approval, contingent on LTC approval being granted, and noted that OEB staff agreed with this line of thinking.<sup>31</sup> LTC approval, Enbridge Gas argued, would satisfy the ICM requirements of need and prudence. Enbridge Gas submitted that the St. Laurent project will come into service in 2022, disagreeing with intervenors' concerns it would not come into service until 2023.<sup>32</sup>

---

<sup>26</sup> CME Submission, p. 3.

<sup>27</sup> Enbridge Reply Submission, p. 14.

<sup>28</sup> Enbridge Reply Submission, p. 11.

<sup>29</sup> Enbridge Reply Submission, p. 12.

<sup>30</sup> Enbridge Reply Submission, p. 12.

<sup>31</sup> OEB Staff Submission, p. 7.

<sup>32</sup> Enbridge Reply Submission, p. 13.

## Finding

Considering the forecast December 2022 in-service date and the uncertainty arising from the fact that the LTC proceeding is still underway, the OEB is not convinced that St. Laurent Phase 3 is a 2022 ICM project and therefore finds that it does not qualify for 2022 ICM funding.

The St. Laurent project LTC application was filed in September 2021 and included a 12-month construction schedule. The OEB, in its December 2021 letter in this proceeding, decided that need and prudence were out of scope in this proceeding since those issues would be determined in the LTC proceeding. After this panel issued its scope decision in December 2021, additional procedural steps were added in the LTC proceeding shortening the amount of time available to meet the December 2022 in-service date, thereby increasing the uncertainty related to the ability to complete this project by December 2022. The project construction schedule would have to be significantly shortened to meet a December 2022 in-service date because the LTC decision is pending and will not be issued until Q2 2022, based on the hearing schedule, which is well-known to Enbridge Gas.

The OEB is not prepared to grant 2022 ICM funding for the St. Laurent project as the determination of need and prudence is still pending in the LTC application.

In the event that the project is approved in the LTC proceeding, it will be open to Enbridge Gas to bring the project forward for consideration in a 2023 ICM application even if a December 2022 in-service date is achieved. Regardless, the OEB expects Enbridge Gas to manage this project prudently, if approved. If the project is brought forward as a 2023 ICM project, materiality will be addressed in the normal course. The OEB notes that generally speaking, ICM project funding is typically applied for in the year it is planned to come into service.<sup>33</sup> Given that the OEB is not prepared to grant 2022 ICM funding for the project because of the uncertainty surrounding the planned December 2022 in-service date it would be unfair to Enbridge Gas to preclude this project for ICM funding consideration in 2023, in the event that the project receives LTC approval and otherwise meets the criteria for ICM funding.

---

<sup>33</sup> ACM Policy, p. 14.

### 3.1.5 Cherry to Bathurst Project

#### Need and Prudence

Enbridge Gas filed a LTC application with the OEB for the Cherry to Bathurst NPS 20 Replacement project on July 31, 2020.<sup>34</sup> The OEB approved the LTC application on December 17, 2020, in which need and prudence were assessed.

OEB staff noted in its submission that estimated project costs have been updated since the LTC application.<sup>35</sup> Total project costs are now forecast at \$129.9 million, with \$126.7 million in 2022 (the ICM funding request in this proceeding) and \$3.2 million in 2023. As the total costs for this project have gone down from the \$133.0 million estimated in the LTC proceeding to \$129.9 million, OEB staff had no issues with the amount sought for ICM funding in 2022.

Intervenors did not object to ICM funding approval for the Cherry to Bathurst project, except FRPO which objected to ICM funding for all five projects.

#### Findings

The OEB notes that need and prudence were addressed in the LTC decision for the Cherry to Bathurst project. Further, the OEB finds that the Cherry to Bathurst project is a discrete project, not part of a typical annual capital program, and the amount of ICM funding is outside the base upon which existing rates were derived. Therefore, the project qualifies for ICM funding.

#### Materiality

Enbridge Gas requested ICM funding of \$126.6 million for the Cherry to Bathurst project. This represents 9.9% of the overall capital budget.<sup>36</sup>

The project-specific materiality of the Cherry to Bathurst project was not an issue for any of the intervenors, as all intervenors supported the project for 2022 ICM funding. Several intervenors raised issues with the inclusion of indirect overhead costs in ICM requests. Energy Probe asserted that indirect overheads are not incremental costs and therefore should not be recovered in an ICM rate rider.<sup>37</sup> Pollution Probe submitted it

---

<sup>34</sup> EB-2020-0136.

<sup>35</sup> EB-2021-0148 Application and Evidence, Exhibit B, Tab 2, Schedule 2, pp. 5-7 of 14.

<sup>36</sup>  $126.6 / 1,277.4 = 0.0991$

<sup>37</sup> EP Submission, pp. 9-13.

does not support the application of capital overheads to ICM projects when those costs are already covered in base rates, with department overheads being accounted for in the regular capital and O&M budgeting process. Pollution Probe argued that Enbridge Gas should specify those specific incremental costs by department and demonstrate they are truly incremental.<sup>38</sup> VECC argued that including overhead costs within ICM rate riders may result in “double-recovery”.<sup>39</sup>

Enbridge Gas argued that the inclusion of indirect overhead costs was raised and answered by the OEB in the 2019, 2020, and 2021 ICM proceedings, asserting that the OEB established that ICM funding amounts for Enbridge Gas do include indirect overhead costs.<sup>40</sup> As directed by the OEB in the 2021 ICM proceeding,<sup>41</sup> Enbridge Gas is required to include capital budget and ICM funding calculations based on both the previously OEB-approved and the new harmonized overhead capitalization policies in any future ICM application filed during the deferred rebasing period. Enbridge Gas submitted this information as part of its evidence in this proceeding.<sup>42</sup>

## Findings

The OEB has recognized the issue related to the capitalization of overheads in other proceedings and reiterates what was stated in the EB-2020-0181 ICM decision:

The OEB concludes that the rebasing proceeding is the appropriate time to review the harmonized overhead capitalization policy, and the implications on O&M and capital during the deferred rebasing term. The onus will be on Enbridge Gas to demonstrate there has been no “double counting” or over-recovery of O&M through capitalized overheads recovered in approved ICM rate riders during the deferred rebasing period.<sup>43</sup>

The OEB approves ICM funding for the Cherry to Bathurst project. The OEB has considered the \$126.6 million ICM funding request in the context of the \$1.277 billion 2022 forecast capital budget for Enbridge Gas and finds it material.

---

<sup>38</sup> Pollution Probe (PP) Submission, p. 7.

<sup>39</sup> VECC Submission, pp. 12-14.

<sup>40</sup> Enbridge Reply Submission, p. 10.

<sup>41</sup> EB-2020-0181, Decision and Order, May 6, 2021, p. 20.

<sup>42</sup> EB-2021-0148 Application and Evidence, Exhibit B, Tab 2, Schedule 1, Attachment 1, pp. 1-5.

<sup>43</sup> EB-2021-0181 Decision and Order, p. 19.



### 3.1.6 Dawn to Cuthbert Project

#### Need and Prudence

Enbridge Gas identified the need to replace approximately 650 m of the existing 1.1 km of the NPS 42 Dawn to Cuthbert pipeline to mitigate pipeline integrity concerns in the Township of Dawn-Euphemia, in the County of Lambton. In addition, as part of the project, Enbridge Gas intends to install launcher-receiving facilities to enable the use of in-line-inspection (ILI) tools to enable the capability to detect stress corrosion cracking. The project is a like-for-like replacement of pipeline and does not require LTC approval. The NPS 42 Dawn to Cuthbert pipeline supplies the NPS 42 Dawn to Kirkwall pipeline, which is one of four parallel pipelines that forms the Dawn Parkway System.

To support the need for the Dawn to Cuthbert project, Enbridge Gas provided the business case and much of the information typically found within a LTC application for the project.<sup>44</sup> This included purpose, need, timing, alternatives and project costs.

LPMA submitted that the Dawn to Cuthbert project should be granted ICM funding, as it has a direct impact on service reliability downstream of Dawn, including the City of London, the City of St. Thomas and Port Stanley systems.<sup>45</sup> OEB staff also supported the inclusion of the Dawn to Cuthbert project for ICM funding.<sup>46</sup>

Energy Probe submitted that the Dawn to Cuthbert project is not urgent relative to other projects within Enbridge Gas's 2022 capital projects list.<sup>47</sup> Energy Probe also submitted that this project consists of two discrete projects, the pipe replacement at one location and the installation of ILI launcher and receiver facilities at different locations. Further, Energy Probe submitted that replacement of corroded pipe is a typical annual program for a gas distributor.

SEC submitted that this was a replacement project that should be considered part of a typical annual program.

Enbridge Gas disagreed with these assertions, submitting that the evidence shows that both items are part of a single project which replaces a segment of pipeline, and also

---

<sup>44</sup> EB-2021-0148 EGI Application and Evidence, Appendix A to Exhibit B, Tab 2, Schedule 2.

<sup>45</sup> LPMA Submission, p. 4.

<sup>46</sup> OEB Staff Submission, p. 11.

<sup>47</sup> EP Submission, p. 5.

making it possible for the replaced segment to be inspected in the future using ILI equipment.<sup>48</sup>

## Findings

The OEB finds that the Dawn to Cuthbert project meets the need and prudence criteria based on the evidence filed. The OEB has assessed the Dawn to Cuthbert project as a discrete project, accepting Enbridge Gas's project definition, and has assessed materiality on that basis.

The OEB accepts that the Dawn to Cuthbert NPS 42 replacement together with the installation of ILI launch and receive capability is one project in light of Enbridge Gas's responsibility to monitor the ongoing condition of the pipeline. Including the ILI capability takes advantage of construction synergies.

## Materiality

Enbridge Gas requested ICM funding of \$23.5 million for the Dawn to Cuthbert project.

Most of the intervenors submitted that the Dawn to Cuthbert project should be rejected for ICM funding. It was argued that the project's \$23.5 million cost is immaterial in relation to Enbridge Gas's overall capital budget of \$1.277 billion, representing 1.8% of the overall capital budget. Enbridge Gas disagreed with the assertion that the project was immaterial, citing that this was not supported by the OEB's ICM policy.<sup>49</sup>

ED submitted that the three smaller projects (Dawn to Cuthbert, Byron Transmission Station, and Kirkland Lake) are relatively minor in comparison to Enbridge Gas's overall capital budget and therefore should be managed within that pre-existing budget.<sup>50</sup>

The SEC and Energy Probe submitted that in addition to the Dawn to Cuthbert project being immaterial in relation to the overall capital budget, the project was also immaterial because it was an amalgamation of more than one project, at least one of which is below the OEB's \$10 million materiality threshold for ICM consideration.

CME submitted that in order to be eligible for ICM treatment, a proposed project must meet a two-part materiality test.<sup>51</sup> The proposed project must first exceed the OEB-

---

<sup>48</sup> Enbridge Gas Reply Submission, p. 20.

<sup>49</sup> Enbridge Gas Reply Submission, pp. 16-19.

<sup>50</sup> ED Submission, p. 2.

<sup>51</sup> CME Submission, pp. 4-5.

defined materiality threshold of \$10 million and must “clearly have a significant influence on the operation of the distributor.” Secondly, the OEB compares the project-specific capital expenditure to the utility’s overall capital spending. CME submitted that as the Dawn to Cuthbert project represents 1.8% of the overall capital budget, it does not meet the second part of the materiality test.

LPMA supported the inclusion of the Dawn to Cuthbert project for ICM funding, arguing that together with the Byron Transmission Station project, the inclusion of the two projects would result in a minor decrease in rates to most Union South rate classes, with no change to the remaining rate classes.<sup>52</sup>

VECC submitted that the Dawn to Cuthbert project failed the project-specific materiality test as it was not significant in the context of the overall utility, referencing the Sarnia Industrial Line Reinforcement project in the 2021 ICM proceeding (which represented \$28.8 million out of a \$1.207 billion capital budget, or 2.38%).<sup>53</sup>

OEB staff asked in its interrogatories that Enbridge Gas explain why the project, which does not require LTC approval, would not be considered a minor expenditure in comparison to the overall capital budget.

Enbridge Gas indicated that the project is not a minor expenditure, and that the capital cost is more than twice the materiality level that the OEB established for Enbridge Gas in the MAADs decision. Enbridge Gas indicated it has taken steps to reduce some areas of spend in 2022, bringing spend forward into 2021, and deferring it to 2023 and beyond. Enbridge Gas also noted that the asset needs are significant, and the project is considered essential for the ongoing safety and reliability of the distribution system.

## Findings

The OEB denies ICM funding for the Dawn to Cuthbert project. The OEB finds that the project fails the project-specific materiality test as it is not significant in the context of the overall utility capital budget. Despite the project capital costs exceeding the \$10 million minimum indicated in the MAADs decision, the OEB has considered the \$23.5 million ICM funding request for this project in the context of the \$1.277 billion 2022 capital budget forecast for Enbridge Gas and does not find it material.

---

<sup>52</sup> LPMA Submission, pp. 3-4.

<sup>53</sup> EB-2020-0181.

### 3.1.7 Byron Transmission Station Project

#### Need and Prudence

Enbridge Gas identified the need to rebuild the Byron Transmission Station located on Enbridge Gas-owned property in the community of Byron in London, Ontario. The project is not subject to a Leave to Construct approval requirement. The Station accepts gas from the Dawn Parkway System and supplies natural gas to most of the London, St. Thomas and Port Stanley systems.

To support the need for the Byron Transmission Station project, Enbridge Gas provided the business case and much of the information typically found within an LTC application for the project.<sup>54</sup> This included purpose, need, timing, alternatives, and project costs.

Energy Probe submitted that the Byron Transmission Station is not a single project but consists of two discrete projects: the replacement of gas heaters and the replacement of station piping. Energy Probe claimed that it is unlikely that either project exceeded the \$10 million restriction for ICM funding.

SEC submitted that projects such as this should be part of the routine annual capital program and that SEC is unable to discern how this project is different.

Enbridge Gas disagreed, submitting that this is a major project.<sup>55</sup> The complete rebuild of a transmission station is not the type of work that is repeated each year, and that there is no annual program for the replacement of stations of the size and scale of Byron Station.

#### Findings

The OEB finds that the Byron Transmission Station project meets the need and prudence criteria based on the evidence filed. The OEB has assessed the Byron Transmission Station project as a discrete project, accepting Enbridge Gas's project definition, and has assessed materiality on that basis.

The OEB agrees that replacement of station piping and replacement gas heaters is one project. The purpose of the project is to replace station piping as a result of integrity issues to provide pressure reduction from the Dawn to Parkway transmission system

---

<sup>54</sup> EB-2021-0148 EGI Application and Evidence, Appendix B to Exhibit B, Tab 2, Schedule 2.

<sup>55</sup> Enbridge Reply Submission, p. 22.

into lower pressure distribution lines serving London, St. Thomas and Port Stanley of which the replacement gas heating system is an integral component.

### **Materiality**

Enbridge Gas requested ICM funding of \$20.4 million for the Byron Transmission Station project. This represents 1.6% of the overall capital budget.

Most of the intervenors submitted that the Byron Transmission Station project should not be eligible for capital funding, arguing that its small size relative to the overall budget constitutes a minor expenditure in comparison to Enbridge Gas's overall capital budget.

APPPrO submitted that since there is negative incremental revenue requirement associated with the Byron Transmission Station, Enbridge Gas does not need incremental funding.

Energy Probe further added that the project would lead to growth in the London area, and not require ICM funding because it would generate incremental revenue to fund the project over time.

Enbridge Gas disagreed with this argument, submitting that while the project is intended to support future growth in the London area, Byron Station is only one component of the system that serves that area.<sup>56</sup> It would be incorrect to attribute revenues from any future growth in the London area solely to this project.

### **Findings**

The OEB denies ICM funding for the Byron Transmission Station project. The OEB finds that the project fails the project-specific materiality test as it is not significant in the context of the overall utility capital budget. Despite the project capital costs exceeding the \$10 million minimum indicated in the MAADs decision, the OEB has considered the \$20.4 million ICM funding request for this project in the context of the \$1.277 billion 2022 capital budget forecast for Enbridge Gas and does not find it material.

The OEB agrees with APPPrO, that in denying ICM funding for the Byron Transmission Station, Enbridge Gas will avoid having to rebate \$211,000 per year to customers over the next two years. The OEB notes that the inclusion of incremental revenues when assessing ICM funding for any project is imperative, and the unique circumstances of

---

<sup>56</sup> Enbridge Reply Submission, p. 22.

the Byron Transmission Station project do not justify a change, or exception, to the continued application of the OEB's ICM funding criteria.

### **3.1.8 Kirkland Lake Project**

#### **Need and Prudence**

Enbridge Gas has identified the need to replace the existing NPS 4 Kirkland Lake Lateral running through the Municipality of Kirkland Lake in District of Timiskaming with 8 km of NPS 4 pipeline. The project is a like-for-like replacement of pipeline and does not require a LTC approval. The current system includes two lines, the existing Kirkland Lake Lateral in scope for replacement and the NPS 8 Kirkland Lake Loop.

To support the need for the Kirkland Lake project, Enbridge Gas provided the business case and much of the information typically found within a LTC application for the project.<sup>57</sup> This included purpose, need, timing, alternatives, and project costs.

#### **Findings**

The OEB finds that the Kirkland Lake project meets the needs and prudence test based on the evidence filed. The OEB also finds that Kirkland Lake is a discrete project, not part of a typical annual capital program and the amount of ICM funding is outside the base upon which rates were derived.

#### **Materiality**

Enbridge Gas requested ICM funding of \$20.7 million for the Kirkland Lake project. This represents 1.6% of the overall capital budget.

All intervenors submitted that the Kirkland Lake project should be ineligible for ICM funding, on the basis of the project's size relative to the overall budget rendering it immaterial, and the associated incremental capital revenue which further reduces the project's materiality.

CME submitted that the Kirkland Lake Lateral Replacement Project is even less material than the other projects as a result of the incremental revenue Enbridge Gas will

---

<sup>57</sup> EB-2021-0148 EGI Application and Evidence, Appendix C to Exhibit B, Tab 2, Schedule 2.

earn once it is complete.<sup>58</sup> APPrO submitted that the OEB should deny ICM funding for the Kirkland project because it constitutes a minor expenditure in comparison to Enbridge Gas's overall capital budget, the project is part of Enbridge Gas's typical annual capital program, and there is insufficient credible evidence on record about incremental revenues generated by the project.<sup>59</sup>

OEB staff submitted that the Kirkland Lake project should not be granted ICM funding, as this project would generate incremental revenue which makes up more than half of its revenue requirement for 2022-2023.

APPrO submitted that Enbridge Gas was not transparent or forthcoming in evidence related to incremental revenues and did not take the OEB's direction seriously from the last ICM proceeding.

Enbridge Gas disagreed with intervenors and OEB staff, arguing that the Kirkland Lake project is not driven by the expansion of the Macassa Mines customer's operations, but rather is a "like for like" replacement of an existing pipeline, driven by integrity issues.<sup>60</sup> Enbridge Gas submitted that this is a different situation from what was considered in relation to the Sarnia Industrial Line project in the 2021 ICM proceeding, as that project involved the expansion of the system, driven by the need to serve a customer. The evidence for the Sarnia Industrial Line project was that the incremental revenue from the customer being attached was greater than the ICM project revenue requirement for the subject years. It was on that basis that the OEB determined that the project did not qualify for ICM funding. Enbridge Gas submits that the Kirkland Lake project is more like the Kingsville Transmission Reinforcement Project considered in the 2019 ICM proceeding than the Sarnia Industrial Line Project considered in the 2021 ICM proceeding. In the 2019 ICM proceeding, where incremental revenues from customers were less than the revenue requirement for the Kingsville Transmission Reinforcement Project, the OEB determined that ICM treatment was appropriate and that there was no need to adjust the ICM funding to take account of the incremental revenues.

Energy Probe argued that the contingency amount for the Kirkland Lake project included in the budget should be reduced, for consistency with other projects.<sup>61</sup> Enbridge Gas asserted that the contingency is higher for this project because it is at a

---

<sup>58</sup> CME Submission, p. 5.

<sup>59</sup> APPrO Submission, p. 8.

<sup>60</sup> Enbridge Gas Submission, pp. 24-25.

<sup>61</sup> EP Submission, p. 11.

relatively early stage of design,<sup>62</sup> and explained in an interrogatory response to Energy Probe that contingency is determined by the project maturity, level of detail and risk profile.<sup>63</sup> Enbridge Gas submitted that the planned contingency amount for the Kirkland Lake project is reasonable, and even if this were not the case, ratepayers would be protected through the ICM Deferral Account.

## Findings

The OEB denies ICM funding for the Kirkland Lake project. The OEB finds that the project fails the project-specific materiality test as it is not significant in the context of the overall utility. Despite the project capital costs exceeding the \$10 million minimum indicated in the MAADs decision, the OEB has considered the \$20.7 million ICM funding request for this project in the context of the \$1.277 billion 2022 capital budget forecast for Enbridge Gas and does not find it significant.

The ACM Report<sup>64</sup> lists the evidence the OEB expects a distributor to provide support the need for ICM funding, including:

Evidence that the incremental revenue requested will not be recovered through other means (e.g., it is not, in full or in significant part, included in base rates or being funded by the expansion of service to include new customers and other load growth).<sup>65</sup>

In the EB-2020-0181 ICM proceeding, incremental revenue was an issue, along with the timing of the delivery of evidence related to incremental revenue. The OEB sought to clarify its expectations in the decision:

The OEB notes that Enbridge Gas's application did not indicate that the project was forecast to generate \$5.8 million of incremental revenue. This evidence was adduced through intervenor interrogatories. Enbridge Gas's application was lacking in this regard. In the interest of efficiency, forecast incremental revenues should be included in all ICM funding requests.<sup>66</sup>

---

<sup>62</sup> EB-2018-0305 Decision and Order, September 12, 2019 (2019 Rates – ICM), pp. 25-26.

<sup>63</sup> I.E.P.8.

<sup>64</sup> EB-2014-0219, Report of the Board, New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, September 18, 2014.

<sup>65</sup> EB-2014-0219, Report of the Board New Policy Options for the Funding of Capital Investments: The Advanced Capital Module, September 18, 2014, p. 25.

<sup>66</sup> EB-2021-0181 Decision and Order, p. 16.



In this proceeding, it appears the same sequence of events has occurred again. Had it not been for the unanticipated settlement conference, Enbridge Gas's application and interrogatory responses indicated that there were no incremental revenues associated with the Kirkland Lake project. VECC suggested the OEB consider whether Enbridge Gas has done its best to provide full disclosure in accordance with the expectations in the last ICM decision.

The OEB has considered Enbridge Gas's comments in this regard. The OEB understands that Enbridge Gas operates an integrated system and judgement may be required in assigning or ascribing incremental revenues to a particular capital project. However, there is an imbalance of information. Potential incremental revenue information, and the judgement to ascribe revenues to a project for inclusion in evidence, reside initially with Enbridge Gas, when it is preparing an application. To ensure a complete record and a fair regulatory process, the OEB requires Enbridge Gas to include all forecast incremental revenues associated with an ICM project regardless of whether the revenue is attributable to customers directly connected or downstream of the ICM project in future ICM applications. This additional information may include all the caveats and explanations necessary to associate, or disassociate, the project from those incremental revenues that Enbridge Gas may wish to add. With this additional information, the parties, and ultimately the OEB, will be able to test each project's financials in assessing the need for ICM funding.

## **3.2 Utility System Plan and Asset Management Plan**

### **ICM Intent and Utility Incentives**

Several intervenors raised issues related to the intent of an ICM proceeding, arguing that Enbridge Gas's application represents a significant departure from the original purpose of the ICM.

Energy Probe submitted that the OEB in making its decision should consider the cumulative impact of successive ICM applications by Enbridge Gas over the past four years,<sup>67</sup> and asked whether funding of over \$600 million over four years with ICM rate riders is appropriate.<sup>68</sup> Energy Probe submitted that excessive use by Enbridge Gas of

---

<sup>67</sup> EP Submission, p. 13.

<sup>68</sup> EP Submission, p. 2.

ICM funding is not appropriate, as Incentive Regulation was implemented by the OEB to provide incentives for utilities to efficiently manage capital and operating costs in order to keep rate increases below the rate of inflation. Energy Probe submitted that under the current Custom IR models, Enbridge Gas has an incentive to maximize capital expenditures.<sup>69</sup>

FRPO submitted that Enbridge Gas has effectively doubled its capital spending on system renewal shortly after the merger and has not filed compelling evidence that the level of spending in the AMP Addendum is necessary.

Pollution Probe submitted that the ICM's purpose is not to increase the annual capital envelope for Enbridge Gas, but to provide opportunity to bring forward incremental, urgent, and material projects for incremental consideration.<sup>70</sup> Pollution Probe was further concerned that the annual ICM consideration could become a mathematical exercise to pick a set of projects that matches the total theoretical maximum for ICM consideration. If this were to occur, the OEB may see a trend where the drivers do not appear to be the need for urgent, incremental, and material projects, but an exercise to maximize total capital spending on an annual basis. This is clearly not the purpose of ICM, Pollution Probe argued.

VECC submitted that the OEB's ICM policies are being applied in a matter that is unfair and unreasonable to consumers. When the OEB allowed amalgamated utilities to defer rebasing and access capital funding at the same time, it effectively changed the intent of the ICM policy. The result is that consumers pay for incremental capital investments while being deprived of benefits from reducing OM&A spend during the deferral period.

In its reply argument, Enbridge Gas noted intervenors' arguments, concerns, and issues with the OEB's ICM policy, but submitted it does not believe that this proceeding is an appropriate place to consider or address changes to an OEB policy.

Several intervenors raised concerns with Enbridge Gas's project prioritization,<sup>71</sup> generally arguing that Enbridge Gas has placed priority projects on its list of ICM projects, while placing less urgent ones within its capital budget.

CME submitted that the utility is effectively incentivized to organize its capital projects so that critical safety and reliability related projects are relegated outside of the normal

---

<sup>69</sup> EP Submission, pp. 2-3.

<sup>70</sup> PP Submission, p. 7.

<sup>71</sup> CME Submission p. 7, EP Submission pp. 5-6, and FRPO Submission p. 2.

budgetary envelope for ICM funding, while less critical or unnecessary projects are funded as a matter of course.

Energy Probe submitted that Enbridge Gas needs to demonstrate that all of the projects included in its \$543.1 million 2022 in-service capital forecast for its Union rate zones are of greater priority than the three projects for which it is seeking ICM funding.

Pollution Probe submitted that it is Enbridge Gas's responsibility to prioritize projects on an annual basis within its OEB-approved capital budget envelope. Moving small projects out of that process and requesting incremental capital funding should be discouraged. It effectively re-opens the annual OEB-approved capital approvals to provide a larger total envelope.

Enbridge Gas argued that the ICM process is not an opportunity to undertake a bottom-up review of its 2022 capital budget, and that the company does not believe that this is appropriate or necessary in the context of an ICM request.<sup>72</sup> Enbridge Gas notes that the OEB's ICM policies do not contemplate or require the review and determination of a distributor's overall capital budget(s) within an ICM application. Instead, the ICM request is supported by an AMP, in this case an addendum to the AMP.

## Findings

The OEB is satisfied that Enbridge Gas has provided sufficient information about its consolidated capital plan and capital expenditures in its EGD and Union rate zones to justify whether to approve or deny incremental funding in these current circumstances. The OEB notes that Enbridge Gas has complied with the MAADs Decision in submitting a consolidated USP and AMP.

The OEB did not "undertake a bottom-up review" of the 2022 capital budget as it was not necessary to approve incremental funding of \$126.6 million in the context of an \$1.277 billion 2022 budget forecast.

The OEB notes the concerns of intervenors regarding the amount of capital being deployed and the prioritization of annual capital spend. The OEB has considered the criteria of "not a typical annual program" in its assessment of proposed ICM funded projects given that the OEB does not approve the USP and AMP evidence in an ICM proceeding. For example, Enbridge Gas identified the Dawn to Cuthbert as having high

---

<sup>72</sup> Enbridge Gas Reply Submission, p. 5.

priority subsequent to five integrity digs completed between 2001 and 2019 that confirmed the risk of stress corrosion cracking that could result in a 30% reduction in peak sendout from the Dawn station should this section of pipe fail. Given the \$23.5 million capital cost relative to Enbridge Gas's 2022 forecasted total in-service capital it would have been helpful to the OEB to better understand why this amount of capital could not be accommodated within the amount of capital supported by 2022 rates. In future ICM applications if a project is related to a known issue critical to the operation of Enbridge Gas's delivery system, the OEB expects Enbridge Gas to file sufficient evidence to justify the claim that the project is not part of its typical annual capital requirements.

The OEB notes the sizable forecast increases in year-over-year capital budgets and in-service additions compared to the AMP filed in last year's ICM proceeding. This ICM proceeding should not be interpreted as adequately testing the AMP Addendum evidence. Further, this Decision should not be interpreted as indirectly approving the forecast 2022 in-service capital additions included in the AMP Addendum by virtue of including the numbers in the ICM's maximum eligibility capital calculations in Table 2.

The OEB notes the concerns of intervenors representing various consumer groups regarding the ICM policy, its evolution and continued application. While the OEB agrees with Enbridge Gas that this proceeding is not the appropriate place to consider or address changes to the ICM policy, one effect of expanding capital budgets during an IRM period is to reduce the materiality of individual projects, which can act as a control in relation to those concerns.

## 4 IMPLEMENTATION

In a Decision and Interim Rate Order issued on October 28, 2021, the OEB implemented interim rates effective January 1, 2022, that reflected the IRM related adjustments. The Interim Rate Order is effective until the OEB issues a final Rate Order in this proceeding. Based on the date of this decision, a final Rate Order could be approved for implementation with the July 1, 2022, Quarterly Rate Adjustment Mechanism (QRAM) application.

Enbridge Gas initially proposed an implementation date of January 1, 2022, for the ICM rate riders based on an average, smoothed revenue requirement for the approved ICM funded projects. In its reply submission, Enbridge Gas agreed to defer implementation to October 2022 until after the anticipated issuance of the St. Laurent Phase 3 LTC decision.

As the approved Cherry to Bathurst project is expected to go into service in October 2022, the OEB concludes that it is reasonable to commence ICM funding mid-year 2022. The ICM unit rates resulting from this Decision will be implemented with the July 1, 2022, QRAM application.

Enbridge Gas is directed to file the ICM unit rates in a draft rate order to be implemented on July 1, 2022, and effective for the duration of the deferred rebasing period to recover the revenue requirement for the Cherry to Bathurst project.

In addition, the OEB is establishing a schedule for a cost claim process.

## 5 ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas shall file with the OEB and forward to all intervenors a draft rate order attaching a proposed Tariff of Rates and Charges reflecting the OEB's findings in this Decision and Order, by **April 21, 2022**. The draft rate order shall include customer rate impacts and supporting information showing the calculation of the ICM unit rates.
2. OEB staff shall file any comments on the draft rate order with the OEB and forward them to all parties on or before **April 26, 2022**.
3. Enbridge Gas shall file with the OEB and forward to all parties responses to any comments on its draft rate order on or before **May 3, 2022**.
4. Cost eligible intervenors shall file their cost claims with the OEB and forward them to Enbridge Gas on or before **May 17, 2022**.
5. Enbridge Gas shall file with the OEB and forward to the intervenors any objections to the claimed costs by **May 24, 2022**.
6. Intervenors shall file with the OEB and forward to Enbridge Gas any responses to any objections for cost claims by **May 31, 2022**.
7. Enbridge Gas shall pay the OEB's costs of and incidental to this proceeding upon receipt of the OEB's invoice.
8. In any subsequent ICM applications, Enbridge Gas shall include all forecast incremental revenue associated with an ICM project regardless of whether the revenue is attributable to customers directly connected or downstream of each project proposed for ICM funding.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2021-0148**, for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact [registrar@oeb.ca](mailto:registrar@oeb.ca) for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

Email: [registrar@oeb.ca](mailto:registrar@oeb.ca)

Tel: 1-877-632-2727 (Toll free)

**DATED** at Toronto April 12, 2022

Revised **DATED** at Toronto April 20, 2022

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Registrar