BY EMAIL

September 18, 2023

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

Dear Ms. Marconi:

Re: EPCOR Natural Gas LP
Brockton Community Expansion Project
OEB Staff Interrogatories

Ontario Energy Board File Number: EB-2022-0246

In accordance with Procedural Order No. 1 please find attached the OEB Staff interrogatories for the above proceeding. This document has been sent to EPCOR Natural Gas LP and to all other registered parties to this proceeding.

Yours truly,

Digitally signed by Ritchie Murray
Date: 2023.09.18 15:21:39 -04'00'

Ritchie Murray
Sr. Advisor, Applications – Natural Gas

Encl.

OEB Staff Interrogatories

Brockton Community Expansion Project

EPCOR Natural Gas LP

EB-2022-0246

September 18, 2023

When determining whether a project is in the public interest, the OEB typically examines the need for the project, project alternatives, project cost and economics, environmental impacts, land matters, and Indigenous consultation. The OEB has issued a standard issues list that is intended to capture the issues that are within the scope of a typical hydrocarbon pipeline leave to construct application under section 90 or 91 of the OEB Act. OEB staff's interrogatories are organized according to this issues list and are in the format **Issue#-STAFF-IR#**.

Please note, EPCOR Natural Gas LP is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, 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 Rules of Practice and Procedure.

1-Staff-1

Ref.: EPCOR's Natural Gas Expansion Program Proposal[1]
Exhibit A, Tab 2, Schedule 1, Page 2
Exhibit B, Tab 1, Schedule 1, Page 1
Exhibit C, Tab 1, Schedule 1, Page 1

Preamble

EPCOR Natural Gas LP (EPCOR) stated that the Brockton Natural Gas Expansion Project (Brockton Project) was designed as a community expansion project in response to the Government of Ontario's Access to Natural Gas Act, 2018 and Natural Gas Expansion Program (NGEP) Phase 2. A description of the Brockton Project (including preliminary facility design and estimated Project costs) was submitted to the OEB and the Government of Ontario. On the basis of that proposal, on June 30, 2021, the Government of Ontario announced that the Brockton Project had been selected for funding under Phase 2 of the NGEP.

The original scope of the Brockton Project (as described in EPCOR's NGEP proposal) included approximately 107 km of pipelines to serve 501 customers at a capital cost of $28.4 million; the grant funding needed to achieve a Profitability Index of 1.0 was $20.3 million. The original project was intended to serve customers in the Municipality of Kincardine, the Township of Arran-Elderslie, the Municipality of Brockton, the Municipality of West Grey, and the Township of Chatsworth.

[1] As filed on November 24, 2020, in EB-2019-0255, Potential Projects to Expand Access to Natural Gas Distribution

In the current application, EPCOR stated that “[i]n early 2023 EPCOR updated the economics of the Project and determined that as a result of industry wide construction and maintenance cost increases in addition to a reduced customer consumption forecast, the project would no longer achieve a Profitability Index (“PI”) of 1.0. As an alternative to cancelling the project, EPCOR has modified its scope such that it achieves the economics necessary to achieve a PI of 1.0” and “[i]f the Province authorizes a Phase 3 of the NGEP, EPCOR intends to submit a proposal to construct the remaining elements of the original project.”

The revised scope of the Project (as described in the current application) includes approximately 80 km of pipelines to serve 423 customers at a capital cost of $24.5 million; the grant funding needed to achieve a PI of 1.0 remains $20.3 million. The rescoped project is intended to serve customers in Kincardine, Arran-Elderslie, Brockton, and West Grey, and no longer includes the Township of Chatsworth.

OEB staff notes that the NGEP funding per customer based on EPCOR’s NGEP proposal was approximately $40,520 and that the NGEP funding per customer based on the current application is approximately $47,990.

Questions

a) In EPCOR’s view, has there been a material change in the scope of the Brockton Project between its NGEP proposal and the current application? Please explain.

b) In terms of the remaining elements of the original project, what will EPCOR do if there is no phase 3 of the NGEP?

c) Given that the Brockton Project was selected to receive funding under the NGEP, would EPCOR be willing to file an unredacted version of its NGEP proposal? If not, why not? If so, then please do so.[2]

1-Staff-2

Ref.: Exhibit A, Tab 2, Schedule 1, Attachment 2, Page 1
Exhibit D, Tab 1, Schedule 1, Page 2

Preamble

[2] OEB staff notes that Enbridge Gas Inc. filed unredacted versions of its NGEP proposals in the following community expansion proceedings: Selwyn, EB-2022-0156; Mohawks of the Bay of Quinte, EB-2022-0248; Hidden Valley, EB-2022-0249.

EPCOR provides a map that shows the two proposed stages for the Brockton Project (i.e., one stage supported by NGEP Phase 2 and one supported by NGEP Phase 3, if applicable). The map shows several segments of proposed construction (identified using solid blue lines) that overlap with portions of the existing 8-inch steel pipeline along Concession Road 18 / Bruce Road 19 (identified using a solid yellow line).

EPCOR stated that "[s]everal farm taps will be installed off the existing 8-inch steel pipeline to feed customers along this route."

Questions

a) Please confirm that the segments of proposed construction shown as overlapping the existing 8-inch steel pipeline along Concession Road 18 / Bruce Road 19 only involve the installation of farm taps and associated service lines. If not, then please explain.

b) Is the Profitability Index for any of the individual farm taps equal to or greater than 1.0? If any of the individual Profitability Indices are greater than 1.0, please explain why EPCOR proposes to include those particular farm taps in stage 2 rather than stage 1?

1-Staff-3

Ref.: Exhibit B, Tab 1, Schedule 1, Table 2, Page 3
Exhibit B, Tab 1, Schedule 1, Attachment 1

Preamble

EPCOR provides the results of a load forecasting survey that was conducted for the Brockton Project and that is dated February 2020.

EPCOR filed is NGEP proposal for the Brockton Project on November 24, 2020.

The current application was filed in June 2023. EPCOR provides a ten-year customer connection forecast in Table 2.

Questions

a) Please confirm whether the load forecasting survey informed EPCOR's NGEP proposal for the Brockton Project, which is dated August 2020. If not, please explain.

b) Since the completion of the market research survey, has EPCOR obtained additional or updated information regarding the interest for natural gas service as part of the Brockton Project. Please discuss.

c) What information on the estimated cost savings associated with a conversion to natural gas did EPCOR communicate to participants in the load forecasting survey and how were these estimated cost savings derived? As part of the response, please specifically comment on whether the cost savings were based on 2,200m^3 of consumption or 1,450 m^3 of consumption.

d) Given the passage of time and the expectation that volumes will now be significantly lower than originally forecast, does EPCOR believe that the findings of the load forecasting survey remain valid for the purposes of the current application?

e) Based on EPCOR's experience to date with the Southern Bruce Project, please discuss whether ECPOR believes the customer attachments from its 2020 survey results are still accurate.

f) Did EPCOR conduct a similar load forecasting survey for its Southern Bruce project? If yes, were the methodologies and findings of the surveys consistent? If not, please explain and provide examples of any key differences.

g) Please describe EPCOR's plans to ensure that the customer attachments will be realized as forecast for each proposed rate class (e.g., rates 1, 6, 11, 16).

h) Please confirm that, if the Brockton project is approved, the assumptions behind the EPCOR's online savings calculator will be aligned with the OEB approved assumptions for the Brockton project. If not, please explain.

2-Staff-4

Ref.: Exhibit C, Tab 1, Schedule 1, Page 1
Exhibit F, Tab 1, Schedule 1, Attachment 1, Pages 23 and 35

Preamble

EPCOR stated that, as the Brockton Project is driven by government legislation or policy, with related funding explicitly aimed at delivering natural gas into communities, work to evaluate facility alternatives such as non-pipeline and hybrid alternatives were not considered. EPCOR did assess routing alternatives.

EPCOR stated that three alternative routes were considered: AR-01, AR-02 and AR-03. EPCOR stated that "additional alternatives were not considered as they were either not economically feasible and/or did not maximize community service hook-ups" and therefore "no other alternatives were considered early in the process."

EPCOR stated that, after public consultation was complete, additional systems analysis revealed that AR-03 was necessary to connect to the existing station near the intersection of Bruce Road 1 and Bruce Road 20. As a result, AR-03 became part of the Preferred Route.

Questions

a) Does EPCOR intend to offer Demand Side Management programs to customers of the Brockton Project, in the future? Please explain.

b) Were any of the "additional alternatives" discussed with stakeholders (e.g., Indigenous communities, municipalities, landowners, OPCC members)? If not, why not?

c) Please provide a map showing the additional alternatives, similar to the map provided at Exhibit A, Tab 2, Schedule 1, Attachment 1.

d) Please provide a table that summarizes an assessment of the additional alternatives, similar to the assessment provided in the Environmental Report, Table 2.1.

e) Please explain why EPCOR's initial systems analysis did not identify the need for AR-03 to connect to the existing station near the intersection of Bruce Road 1 and Bruce Road 20.

3-Staff-5

Ref.: Exhibit A, Tab 2, Schedule 1, Page 1
Exhibit D, Tab 1, Schedule 1, Page 1
Exhibit E, Tab 1, Schedule 1, Page 3
EPCOR Southern Bruce Project[3]

Preamble

EPCOR stated that it, "… now has sufficient data from its adjacent South Bruce system to forecast an annual residential consumption level, which is estimated at 1,450m^3. This is a reduction from the default value of 2,200m^3 used in the guidelines for potential projects for Phase 2 Natural Gas Expansion program.[4]"

[3] EB-2016-0137 (Arran-Elderslie) | 0138 (Kincardine) | 0139 (Huron-Kinloss)
[4] EB-2019-0255, OEB Final Guidelines Sec. 35 Gas Expansion Ph-II, March 5, Append. A, part 3.3, p. 3

EPCOR stated that, “[t]he DCF analysis for the Brockton Project has been completed based on EPCOR’s latest feasibility parameters (e.g. long-term debt rates, OEB discount rates, tax rates etc.). The analysis includes the funding awarded for this expansion through Phase 2 of the NGEP. It also includes the revenue that would be generated if residential usage averages 1,450 m^3 [per year] …”.

EPCOR’s latest feasibility parameters were approved by the OEB for use in the Southern Bruce Project that serves the Municipality of Arran-Elderslie, the Municipality of Kincardine, and the Township of Huron-Kinloss. In accordance with the OEB’s direction, EPCOR’s Common Infrastructure Plan assumed a residential usage average of 2,200 m^3 per year.

EPCOR stated that it is applying to the OEB for “an Order or Orders allowing EPCOR to establish a new variance account called the Brockton Customer Volume Variance Account (“BCVVA”) to enable the utility to track the variance in revenue resulting from the difference between forecasted customer volume and the actual customer volume for Rate 1 customers in its Brockton community expansion. With respect to recording carrying charges on the balance in the BCVVA, simple interest will be calculated monthly on the opening balance in accordance with the methodology approved by the Board in EB-2016-0117.”

Questions

a) Please confirm that the OEB approved rates for the Southern Bruce Project are based on 2,200 m^3 per year for residential customers. If not, please explain.

b) Please advise whether the calculated revenues for the Brockton Project in the DCF analysis are based on 2,200 m^3 per year or 1,450 m^3 per year for residential customers.

c) For Rates 6 and 11, please provide the volumes per customer used to calculate the revenues in DCF analysis and provide rationale supporting these figures.

d) Please provide a detailed calculation of the revenues by rate class included in the DCF analysis (including the volumes applied for each rate class and a detailed list of the Southern Bruce rates that are included).

e) EB-2016-0117 appears to be an electricity wholesaler licence application by 3500 Steels Avenue East Inc. Please provide the correct case number.

3-Staff-6

Ref.: Exhibit E, Tab 1, Schedule 1, Page 3
Exhibit E, Tab 1, Schedule 1, Attachment 1 (DCF analysis)
Exhibit E, Tab 1, Schedule 1, Attachment 2 (DCF assumptions & results)

Preamble

EPCOR stated that the Brockton Project has qualified for up to $20.34 million in NGEP funding, that the DCF analysis treats the funding as a contribution in aid of construction, and that the total capital cost, net of NGEP funding, over the 10-year attachment period is $24.48 million.

OEB staff notes that a simple sum of the 10-year capital expenditure forecast in Attachment 1 is $24.28 million. Using the discount rate of 5.66%, OEB staff calculates the NPV of the 10-year capital expenditure forecast to be $24.16 million.

In its DCF Assumptions and Results summary, EPCR shows the capital costs net of NGEP funding as $3.94 million. However, OEB staff notes that a total capital cost of $24.48 million less the maximum NGEP funding of $20.34 million is $4.14 million. OEB staff also notes that the NPV of capital costs of $24.16 million less the maximum NGEP funding of $20.34 million is $3.80 million.

Questions

a) Does EPCOR agree that the NPV of the 10-year capital costs is $24.16 million? If not, please explain.

b) Based on current assumptions, estimates and forecasts, what is the net capital cost that EPCOR anticipates it will seek OEB approval to add to its rate base at the time that the project is included in rate (which appears to be at the next rebasing for Southern Bruce based on EPCOR's proposal)?

3-Staff-7

Ref.: Exhibit A, Tab 2, Schedule 1, Page 4
Exhibit B, Tab 1, Schedule 1, Pages 4-5
Exhibit E, Tab 1, Schedule 1, Pages 2-4
OEB Generic Proceeding on Community Expansion[5]
EPCOR Southern Bruce Project[6]

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[5] EB-2016-0004
[6] EB-2016-0137 (Arran-Elderslie) | 0138 (Kincardine) | 0139 (Huron-Kinloss)

EPCOR Southern Bruce Rates and IRM[7]

Preamble

In the current application, EPCOR seeks approvals for leave to construct, a variance account, and its forms of land use agreements. EPCOR also seeks confirmation that conditions of approval have been met for certain Municipal Franchise Agreements and Certificates of Public Convenience and Necessity. The application does not list any other requests for approval.

EPCOR stated, “This Project is not dependent on any previously filed leave to construct applications by EPCOR, and has been proposed to expand service within the proximity of the existing Southern Bruce natural gas system into regions currently not serviced by a natural gas utility provider.”

EPCOR stated that, “[Brockton] Project customers will be subject to regulated rates in accordance with the Southern Bruce tariff as approved in EB-2018-0264. The most recent custom IR decision for this tariff can be referenced in hearing EB-2022-0184. The primary rationale behind this approach is to support both operational and regulatory efficiencies. While still subject to the LTC threshold, the Brockton expansion is simply an expansion of the existing Southern Bruce gas distribution system and would not benefit from a unique rate zone classification or separate rate structure.”

EPCOR stated that if the next rebasing for the Southern Bruce tariff does not align with the 10-year rate stability period for this expansion, then EPCOR intends to include the forecasted customer attachments and capital cost as included in this application. It is expected that at the rebasing subsequent to the end of the 10-year rate stability period that EPCOR will include actual customer attachment and actual capital costs.

In the Generic Proceeding on Community Expansion, EPCOR (then referred to as South Bruce) submitted that incumbent utilities should be allowed to charge stand-alone rates that are different from their existing rate schedules for an expansion community.

Southern Bruce’s approved rate framework has an annual adjustment mechanism and several DVAs.

Questions

[7] EB-2018-0264, an application for gas distribution rates and other charges for the period from January 1, 2019 to December 31, 2028

a) Please confirm EPCOR is not requesting regulatory approval to apply Southern Bruce rates to the Brockton project.

   i. Please provide rationale as to why EPCOR does not believe it requires approval to apply Southern Bruce rates to Brockton.

   ii. Please provide references to any OEB regulatory approvals that enable the application of Southern Bruce rates to Brockton.

b) Please confirm that, in accordance with its decision in the Generic Proceeding on Community Expansion, the OEB could allow stand-alone rates for the Brockton Project.

c) EPCOR stated that Brockton is an expansion of the existing Southern Bruce system and would not benefit from a unique rate zone.

   i. If Brockton is approved to use Southern Bruce rates, upon rebasing of Southern Bruce (i.e., end of Southern Bruce rate stability period), how does EPCOR propose to reconcile these different consumptions volumes in forecasting demand?

   ii. Please advise whether the 10-year rate stability period for Southern Bruce will end in December 2028 or November 2030.

   iii. Please advise whether the Southern Bruce Rate Framework (i.e., custom incentive rate making plan) will end in December 2028 or November 2030.

   iv. If the OEB approves a 10-year rate stability period for the Brockton Project, please confirm that rate stability period would end ten years after the Brockton Project goes into service (i.e., when the first customer is attached), which would put the end of the rate stability period in December 2034.

d) Please confirm that EPCOR designed the Southern Bruce rates based on capital cost, customer attachment, and volume forecasts and other assumptions and inputs that were specific to the Southern Bruce project. Please explain why the assumptions and inputs used to set Southern Bruce rates are applicable to the Brockton Project.

e) Please identify and explain the main pros and cons of extending Southern Bruce rates to the customers of the Brockton Project. As part of the response, please elaborate on any “operational and regulatory efficiencies”.

f) Please confirm that Brockton is seeking the same annual adjustment as Southern Bruce and provide rationale on why it is appropriate to be applied to Brockton.

g) At the time of Southern Bruce’s rebasing, base rates may increase significantly (as the actual volumes may be lower than the originally forecast volumes that underpinned the Southern Bruce Custom IR rates). Would this result in a significant increase for Brockton customers? Why is it appropriate that Southern Bruce's rebasing should affect Brockton customers?

h) At the time of Southern Bruce’s rebasing, please confirm that EPCOR intends to include the forecast capital costs and forecast volumes for the Brockton project in rates.

i) Please advise whether the Delay in Revenue rate rider is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

j) Please confirm that Southern Bruce’s Purchased Gas Commodity Variance Account (PGCVA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether the rate rider is included in the DCF analysis for the Brockton Project.

k) Please confirm that Southern Bruce’s Gas Purchase Rebalancing Account (GPRA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

l) Please confirm that Southern Bruce’s Storage and Transportation Variance Account Rates 1, 6 & 11 (S&TVA Rates 1, 6 & 11) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

m) Please confirm that Southern Bruce’s Transportation Variance Account Rates 16 (TVA Rates 16) is applicable in Brockton and provide rationale on why or why not it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

n) Please confirm that Southern Bruce’s Unaccounted for Gas Variance Account (UFGVA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

o) Please confirm that Southern Bruce's Greenhouse Gas Emissions Administration Deferral Account (GGEADA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

p) Please confirm that Southern Bruce's Federal Carbon Charge - Customer Variance Account (FCCCVA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

q) Please confirm that Southern Bruce's Federal Carbon Charge - Facility Deferral/Variance Account (FCCFVA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

r) Please confirm that Southern Bruce's Municipal Tax Variance Account (MTVA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

    i. How does EPCOR propose to address cross-subsidization between Southern Bruce and Brockton projects in the MTVA?

s) Please confirm that Southern Bruce's Energy Content Variance Account (ECVA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

t) Please confirm that Southern Bruce's Contribution in Aid of Construction Variance Account (CIACVA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

    i. The CIACVA was due in part to Enbridge Gas's construction cost to serve Southern Bruce, please provide rationale as to why this would also apply to Brockton.

u) Please confirm that Southern Bruce's External Funding Variance Account (EFVA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

i. How does EPCOR propose to address cross-subsidization since the Southern Bruce and the Brockton projects are two different projects?

v) Please confirm that Southern Bruce's Approved Deferral/Variance Disposal Account (ADVDA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

w) Please confirm that Southern Bruce's Order Revenues Deferral Account (ORDA) is applicable in Brockton and provide rationale on why it is appropriate to be applied to Brockton. Please also advise whether this rider is included in the DCF analysis for the Brockton Project.

x) Are there any other deferral or variance accounts that have not yet been mentioned and EPCOR is seeking approval for?

i. Please provide rationale on why it would be appropriate to apply it to Brockton.

y) For the above deferral and variance accounts, how does EPCOR expect to dispose of the accounts? Will each service area have its own rate rider or would they be the same rate rider between Southern Bruce and Brockton?

z) Does EPCOR agree that if it were to develop stand-alone rates specific to the Brockton Project then a Brockton Customer Volume Variance Account (BCCVA) may not be necessary. Please explain.

3-Staff-8

Ref.: Exhibit J, Tab 1, Schedule 1

Preamble

EPCOR proposed the following in its BCVVA:

> The effective date of this account is June XX, 2023. Toward the end of the rate stability period, the forecasted annual consumption (currently 1,450m^3) will be revised to reflect the then current value. This revised value will be brought forward to the Board for approval and replace 1,450m^3 in this accounting order at the end of the rate stability period.

The NACV shall be calculated as the actual average monthly consumption per customer, adjusting it to remove the impact of the Energy Content Variance Account (ECVA), and applying the weather normalization methodology.

The monthly balance to be recorded in this account will be calculated as the variance in revenue resulting in the difference between 1,450m^3 and the Normalized Average Customer Volume (NACV), both determined in the applicable manner described above for Rate 1 customers. The revenue difference shall be calculated by applying approved rate schedules (including volumetric charges, monthly fixed charges and the delay in revenue rate rider) to the calculated difference between 1,450m^3 and the NACV.

Questions

a) Does EPCOR expect to continue the BCVVA after the rate stability period ends for Brockton?

   i. How does EPCOR propose to revise the 1,450 m^3/year currently proposed once the rate stability period has ended (i.e. through an IRM, CoS, standalone application)?

   ii. If EPCOR expects the BCVVA to continue after the rate stability period, please provide rationale for the continuity of the account.

   iii. Would it be EPCOR’s plan to merge the CVVA of Southern Bruce with the BCVVA?

b) How is the NACV calculated when compared to what was proposed in the latest version of the CVVA?

c) Please explain why the BCVVA is only applicable to Rate 1 customers.

3-Staff-9

Ref.: Exhibit E, Tab 1, Schedule 1, Pages 1-4

Preamble

EPCOR provides the estimated capital cost of the Brockton Project, which totals approximately $24.475 million. The cost estimate includes a contingency of 18% on all direct costs.

EPCOR stated that the American Association of Cost Engineering estimation standard as well as internal EPCOR capital cost estimation policy were used as a guide, along with EPCOR's experience in installing distribution network in close proximity to the Project over the past three years for the Southern Bruce expansion.

EPCOR intends to utilize the same contractor, similar project team and resources to execute the Proposed Project as it has engaged with the Southern Bruce, and other projects. EPCOR will utilize best practices of project monitoring and project controls. EPCOR has based the Brockton Project capital costs on a fixed unit price contract that it is in the process of completing with its contractor for the Proposed Project.

Questions

a) Based on a combined total of 80.1 km for the proposed 4-inch and 2-inch polyethylene pipelines, OEB staff estimates the unit cost for the Brockton Project to be approximately $305.50 per metre.[8] Please provide the actual average unit cost to install any 4-inch and 2-inch polyethylene pipelines on the Southern Bruce Project. If this unit cost cannot be provided, please:

   i. Explain why not

   ii. Provide alternate information that quantifies the actual cost to install 4-inch and 2-inch polyethylene pipelines on the Southern Bruce Project and comment on how it compares to the estimated unit cost for the Brockton Project

b) Has EPCOR executed a fixed unit price contract with the contractor? If not, then please explain why not? If so, were there any developments between the filing of the current application and the execution of the contract that would materially affect the estimated capital cost of the Brockton Project? If so, please quantify and explain the changes.

4-Staff-10

Ref.: Exhibit D, Tab 1, Schedule 1, Pages 3-4 and 7
Exhibit F, Tab 1, Schedule 1, Attachment 1, Page 182

Preamble

[8] $24,475,000 / 80,100 m = $305.50 / m

EPCOR provides the technical specifications of the pipelines and stated that there are no deviations from CSA Z662:19 or any other applicable standards anticipated for the proposed project.

EPCOR stated that it will provide the Technical Standards and Safety Authority (TSSA) a copy of the detail design of the proposed facilities once finalized.

EPCOR stated that it will file a risk assessment to the TSSA in accordance with CSA Z662 Annex B once the facilities detail designs are finalized.

As recorded in the Environmental Report's communication log, the TSSA informed EPCOR that an Application for Review of a Pipeline Project must be submitted to the TSSA.

Questions

a) Has EPCOR submitted a risk assessment to the TSSA in accordance with CSA Z662 Annex B? If so, please file a copy of the TSSA's response. If the TSSA's response cannot be provided, then please explain why not.

b) Has EPCOR submitted an Application for Review of a Pipeline Project to the TSSA? If so, please file a copy of the TSSA's response. If the TSSA's response cannot be provided, then please explain why not.

4-Staff-11

Ref.: Exhibit F, Tab 1, Schedule 1, Page 3

Preamble

EPCOR stated that during the consultation process for development of the Environmental Report (ER), comments were received from identified Indigenous communities, the public, interest groups, and provincial agencies. No comments were received from federal agencies or interest groups, as of the writing of the ER.

EPCOR stated it would update the OEB regarding the Ontario Pipeline Coordinating Committee (OPCC) review process of the ER if further comments or requests for information are submitted.

Questions

a) Have any comments been received from federal agencies or interest groups since the writing of the ER? If so, please file an updated correspondence log (i.e., Exhibit F, Tab 1, Schedule 1, Attachment 1, Appendix B6).

b) Please provide any update on comments or requests from the OPCC since the ER was completed.

4-Staff-12

Ref.: Exhibit F, Tab 1, Schedule 1, Attachment 1, Page 2

Preamble

The Environmental Report includes a Sign-off Sheet that has not been signed.

Questions

a) Please file an executed copy of the Sign-off Sheet. If any signatories require changes to the Environmental Report in order to obtain their signatures, please file the updated Environmental Report with a cover letter that summarizes the changes.

4-Staff-13

Ref.: Exhibit F, Tab 1, Schedule 1, Attachment 1, Page 177

Preamble

In its summary of Grey County's comments, EPCOR recorded that the proposed works fall generally within existing road allowances and that "[t]he County reiterated the agreement EPCOR has with County of Grey."

Questions

a) Please confirm that the agreement being referred to is the Municipal Franchise Agreement with Grey County. Otherwise, please explain.

4-Staff-14

Ref.: Exhibit F, Tab 1, Schedule 1, Attachment 1, Pages 18, 69, 87 and 285

Preamble

The Stage 1 Archaeological Assessment (AA) determined that approximately 90% of the Study Area retains potential for the recovery of archaeological resources. A Stage 2 AA is recommended for these areas prior to construction.

A Cultural Heritage Checklist was completed by Stantec for the Brockton Project prior to submission of EPCOR's application. As a result, it was recommended that a Cultural Heritage Report: Existing Conditions and Preliminary Impact

Assessment (CHR) be completed. EPCOR stated that the CHR will be undertaken.

Questions

a) Please provide an update on the Stage 2 AA.

b) Please provide an update on the CHR.

6-Staff-15

Ref.: Exhibit H, Tab 1, Schedule 1

Preamble

Prior to receiving the Ministry of Energy's (MOE) Duty to Consult delegation letter, EPCOR contacted First Nation and Métis communities with which it had previous engagements in the area of the proposed Brockton Project. There were four communities:

1. Saugeen First Nation
2. Chippewas of Nawash Unceded First Nation
3. Métis Nation of Ontario Great Lakes Métis Council
4. Historic Saugeen Métis

EPCOR received the MOE's delegation letter on May 30, 2022, that identified two Indigenous communities that EPCOR should consult in relation to the Brockton Project. The MOE added a third community on January 10, 2023. The three communities were:

1. Saugeen First Nation
2. Chippewas of Nawash Unceded First Nation
3. Georgian Bay Historic Metis Community (represented by the Metis Nation of Ontario)

EPCOR states that the First Nations and Métis communities developed into three specific engagement groups:

1. Saugeen Ojibway Nation (representing the Saugeen First Nation and the Chippewas of Nawash Unceded First Nation)

2. Georgian Bay Traditional Territory Consultation Committee (representing the Métis Nation of Ontario and the Métis communities that hold traditional rights in the project area)

3. Historic Saugeen Métis

EPCOR stated that it continues to have conversations with these First Nations and Métis communities.

The MOE will review EPCOR's consultation with Indigenous groups potentially affected by the Brockton Project and provide an opinion as to whether EPCOR's consultation has been sufficient. EPCOR stated that the MOE's sufficiency letter will be filed with the OEB once it has been received by EPCOR.

Questions

a) Please provide an update on Indigenous consultation activities with the various communities listed above. As part of the response, please summarize any issues and concerns raised and how these are being addressed. Please include copies of any supporting documentation (e.g., email correspondence).

b) Please provide an update on any correspondence between the Ministry of Energy and EPCOR since the application was filed, regarding the Ministry of Energy's review of EPCOR's consultation activities.

c) Please indicate when EPCOR expects to receive the MOE's sufficiency letter.

5-Staff-16

Ref.: Exhibit G, Tab 1, Schedule 1, Page 1

Preamble

EPCOR stated that the Preferred Route for the Brockton Project follows the public road allowance for the entirety of the project and no permanent easements are required. If field conditions require the need for permanent easements, EPCOR will obtain these from property owners as required. As of the timing of filing the current application, EPCOR had not identified any directly impacted landowners and no permanent easements were required.

EPCOR stated that temporary working areas may be required along the Preferred Route where the road allowance is too narrow or when a road crossing requires extra space to facilitate construction. These areas will be identified with the assistance of the contractor that will be performing the work. Agreements for this temporary working areas will be negotiated and obtained where required.

EPCOR filed its standard form Pipeline Easement Agreement and its standard form Temporary Work Space Agreement. EPCOR states these forms of agreement were previously approved by the OEB for use in EPCOR's Southern Bruce Project.[9]

OEB staff compared the forms of land use agreement approved by the OEB for EPCOR's Southern Bruce Project with those filed for approval in the current proceeding. Despite EPCOR's claim that the agreements filed in the current proceeding are those that the OEB approved for use with the Southern Bruce project, the two sets of agreements are not identical. Most of the differences do not appear to be material (e.g., the sequence of certain sentences has been reordered). However, the current form of Pipeline Easement Agreement now contains wording that limits EPCOR's liability to "acting reasonably" in certain circumstances.

Questions

a) Has the need for any permanent easements been identified since the application was filed? If so, please provide an update on permanent easement negotiations.

b) Please explain why EPCOR did not identify and explain the changes it made to its form of Pipeline Easement Agreement.

c) For each instance where EPCOR added "acting reasonably" to its form of Pipeline Easement Agreement, please explain why the addition is reasonable.

[9] EB-2018-0263