



Ontario  
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**BY EMAIL**

November 2, 2023

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

Dear Ms. Marconi:

**Re: Enbridge Gas Inc.  
Sandford Community Expansion Project  
OEB Staff Interrogatories  
Ontario Energy Board File Number: EB-2023-0200**

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

Enbridge Gas Inc. is reminded that its responses to interrogatories are due by November 16, 2023.

Yours truly,

Kaidie Williams  
Advisor, Strategic Policy  
Case Manager, Applications – Natural Gas

Encl.

**OEB Staff Interrogatories  
Enbridge Gas Inc.  
EB-2023-0200**

Please note, Enbridge Gas Inc. 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](#).

**ISSUE 1.0 NEED FOR THE PROJECT**

**1-Staff-1**

**Ref:** Exhibit B, Tab 1, Schedule 1, page 2 of 5, paragraphs 1 and 2, Plus Attachment 3: *Natural Gas Pipeline Expansion Study - Sandford*

**Preamble:**

Enbridge Gas conducted surveys of potential residential customers to gauge interest in natural gas distribution service and conversion within the Project area. Enbridge Gas retained Forum Research, a third-party research supplier, to conduct surveys by telephone, online and in-person of potential residential customers in the Project area between August 23 and September 18, 2022. A total of 108 surveys were completed from a list of 199 homeowners, yielding a +/- 6.4% margin of error at the 95% confidence level. The level of completes represents a 54% response rate.

**Questions:**

- a) Please compare the response rate for the Sandford Project to response rates in recent market surveys for other Enbridge Gas Phase II community expansion projects.
- b) Since the completion of the market research survey in September 2022, has Enbridge Gas obtained any additional information on the interest for switching to natural gas service as part of this community expansion project? Please provide any additional information.

## 1-Staff-2

**Ref:** Exhibit B, Tab 1, Schedule 1, Pages 5-6 including Table 2

### Preamble:

The Sandford Project's in-service date is planned to be January 2025. The table below shows forecasted attachments over ten years annually starting in 2025. Enbridge Gas forecasted attachments of 183 customers in the Community of Sandford by the tenth year of the project.

Table 2: Forecasted Customer Attachments for the Sandford Community  
Expansion Project

Customer Additions	Year 1	Year 2	Year 3	Year 4	Year 5	year 6	year 7	year 8	year 9	year 10	Total Forecasted
Residential Single-Family Conversion	34	34	25	18	18	9	9	9	9	8	173
Commercial	3	2	2	1							8
Institutional		1									
Industrial		1									
Total	37	38	27	19	18	9	9	9	9	8	183

### Questions:

- Please discuss the method and data Enbridge Gas used to forecast 183 residential attachments in the Community of Sandford over ten years.
- What is the assumed capture rate of the forecast attachments by the end of the tenth year?
- Please discuss any anticipated potential delays that may affect the construction schedule for the Project or achieving the forecast number of customer attachments in the first and second year.
- Please describe in detail Enbridge Gas's outreach activities, plans and/or programs to ensure that the customer attachments will be realized as forecasted.
- Please comment on differences in forecasted number of customer attachments Enbridge Gas provided in the project proposal approved for funding in Phase 2 of the NGEF process and the project subject to this application.

- f) Please provide a comparison of the actual customer attachments relative to the LTC forecasted customer attachments to date for all of Enbridge Gas's Phase 2 NGEP supported community expansion projects that are already in service.

## **ISSUE 3.0 COSTS & ECONOMICS**

### **3-Staff-3**

**Ref:** Exhibit B, Tab 1, Schedule 1, Pages 3-7  
Exhibit E, Tab 1, Schedule 1, Page 2  
Exhibit H, Tab 1, Schedule 1, Attachment 1, Page 5

### **Preamble**

In June 2021, the proposed Sandford Community Expansion Project was approved to receive funding assistance as part of Phase 2 of the Government of Ontario's Natural Gas Expansion Program (NGEP). Among other things, the NGEP proposal assumed a market penetration rate of 65%.<sup>1</sup>

In September 2022, Enbridge Gas retained Forum Research to conduct surveys of potential customers by telephone, online and in-person. Forum Research's results indicate that 87% of respondents would likely convert to natural gas if it were made available. Of those likely to convert, approximately 69% indicated that they would convert within 1 year of natural gas service becoming available and 24% indicated they would convert within 1-2 years of natural gas service becoming available.

In August 2023, Enbridge Gas filed its application seeking leave to construct (LTC) the Sandford project.

OEB staff prepared Table 1 below, which compares the NGEP proposal to the LTC application in terms of pipeline lengths, 10-year customer forecast, and capital costs.

The estimated capital costs have increased by approximately \$0.57 million relative to the NGEP proposal. Enbridge Gas stated that the increase is attributed primarily to an increase in the customer forecast driven by updated market research and field verification.

Enbridge Gas stated that the primary factors affecting the current estimated PI calculation as compared to the estimated PI in its NGEP proposal include an increase in the capital cost estimate, and a reduction in forecasted large volume industrial

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<sup>1</sup> EB-2019-0255, Sandford Schedule 6V-3, Section 3.4

customers partially offset by an increase in the residential and commercial customer forecast.

Enbridge Gas stated that the Sandford Project does not contain any planned future phases and is not dependent upon any previously filed leave to construct application by Enbridge Gas.

Table 1: Comparison of NGEP Proposal and LTC Application

	<b>NGEP Proposal</b>	<b>LTC Application</b>	<b>Change</b>	
<b>Length NPS 2 (km)</b>	6.92	4.90	-2.02	-29.1%
<b>Length NPS 4 (km)</b>	6.31	8.40	2.09	33.1%
<b>Total Length (km)</b>	13.23	13.30	0.07	0.6%
<b>Customer Forecast</b>	140	183	43	30.7%
<b>Total Capital Cost</b>	\$6,631,637	\$7,202,770	\$571,133	8.6%
<b>NGEP Funding</b>	\$4,392,566	\$4,392,566	\$0	0.0%
<b>Net Capital Cost</b>	\$2,239,071	\$2,810,204	\$571,133	25.5%
<b>Profitability Index</b>	0.43	0.25	-0.18	-41.9%

**Questions:**

- Please confirm that the summary information provided in Table 1 is correct. If not, please identify and correct any errors. Please also file the original NGEP proposal for the Sandford Project on the record of the current proceeding.
- Please explain in more detail the reasons for the \$0.57 million cost variance from Enbridge Gas's project proposal for funding under Phase 2 of the NGEP. To support your response, please provide a table (breaking down the itemized cost description) separately comparing the NGEP cost estimate to the current cost estimate. Please discuss any major variances in each itemized cost estimate.
- OEB staff notes that the overall length of pipelines is relatively unchanged but that in the new design the length of NPS 2 is shorter and the length of NPS 4 is longer. Why was it necessary to increase the length of the NPS 4 pipeline?
- Please confirm whether the phrase "field verification" refers to any geotechnical analysis, subsurface utility engineering, and soil sampling that is

used to inform pipeline design. As part of the response, please explain how the various activities influenced the total capital cost of the Sandford Project.

- e) Please confirm that matters relating to the appropriate net capital amount to be included in rate base is properly addressed in Enbridge Gas's next rebasing proceeding.

### **3-Staff-4**

**Ref.:** Exhibit D, Tab 1, Schedule 1, Page 6

#### **Preamble**

Enbridge Gas has sent the design for the proposed facilities to the Technical Standards & Safety Authority (TSSA) for review and is awaiting a response.

#### **Questions:**

- a) Has Enbridge Gas received a reply from the TSSA? If so, please file a copy of the reply. If not, when is a response anticipated?

## **ISSUE 4.0 ENVIRONMENTAL**

### **4-Staff-5**

**Ref.:** Exhibit F, Tab 1, Schedule 1, Page 5  
Exhibit F, Tab 1, Schedule 1, Attachment 2, Page 8

#### **Preamble**

A Cultural Heritage Checklist was completed that recommended a "Cultural Heritage Report: Existing Conditions and Preliminary Impact Assessment" (Existing Conditions Report) be completed for the Sandford Project. A report is anticipated to be completed prior to the commencement of construction.

A Stage 1 Archaeological Assessment (AA) was completed in May 2023 and was submitted via an expedited review request in June 2023. Depending on specific pipeline alignments along the preferred route, Stage 2 and Stage 3 AAs may be required. Any mitigation or recommendations for construction from the Stage 2 and 3 AAs will be outlined in the EPP for the Project.

#### **Questions:**

- a) Please provide an update on the Existing Conditions Report.

- b) Please provide an update on the need for Stage 2 and 3 AAs.

#### **4-Staff-6**

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

#### **Preamble**

The referenced attachment provides an Ontario Pipeline Coordinating Committee (OPCC) Environmental Report Consultation Log.

#### **Questions:**

- a) Please provide any updates to the OPCC Consultation Log since the time that the application was filed.

### **ISSUE 6.0 INDIGENOUS CONSULTATION**

#### **6-Staff-1**

**Ref.:** Exhibit H, Tab 1, Schedule 1, Pages 1-4

#### **Preamble**

Enbridge Gas received a Delegation Letter from the Ministry of Energy (MOE) on February 10, 2023, which indicated that the MOE had delegated the procedural aspects of consultation to Enbridge Gas for the Project. The Delegation Letter identified nine Indigenous communities to be consulted.

Enbridge Gas filed the Indigenous Consultation Report for the Project with the MOE on the same date it filed the application with the OEB (i.e., August 16, 2023). The Indigenous Consultation Report reflects Enbridge Gas's Indigenous engagement activities for the Project up to and including July 19, 2023; however, Enbridge Gas says it will continue to engage throughout the life of the Project.

Enbridge Gas said that it would file with the OEB the MOE's opinion letter regarding the sufficiency of Indigenous consultation on the Project, as soon as it is received.

#### **Questions:**

- a) Has Enbridge Gas received the MOE's opinion letter? If so, please file a copy. If not, when does Enbridge Gas anticipate receiving the letter?
- b) Please provide any other updates regarding Indigenous consultation since the time that the application was filed.