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BY EMAIL

November 29, 2023

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

Dear Ms. Marconi:

**Re: Enbridge Gas Inc.
Neustadt Community Expansion Project
OEB Staff Interrogatories
Ontario Energy Board File Number: EB-2023-0261**

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.

Yours truly,

Michael Beare
Advisor, Energy Transition
Case Manager, Applications – Natural Gas

Encl.

**OEB Staff Interrogatories
Enbridge Gas Inc.
EB-2023-0261**

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 1

Preamble:

The Neustadt project was approved to receive funding assistance from Phase 2 of the Government of Ontario's Natural Gas Expansion Program (NGEP).

OEB staff notes that Enbridge Gas 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.

Question:

Please file an unredacted version of Enbridge Gas's NGEP proposal for the Neustadt community expansion project.

1-Staff-2

Ref: Exhibit B, Tab 1, Schedule 1, pages 1-7

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 128 surveys were completed

from a list of 264 homeowners, yielding a +/- 6.2% margin of error at the 95% confidence level. The level of completes represents a 48% response rate.

Questions:

- a) Please compare the response rate for the Neustadt 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-3

Ref: Exhibit B, Tab 1, Schedule 1, Pages 6-7, including Table 2
Exhibit B, Tab 1, Schedule 1, Attachment 3, Page 2

Preamble:

In June 2021, the proposed Neustadt 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 78%.¹

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 88% of respondents would likely convert to natural gas if it were made available. Of those likely to convert, approximately 82% indicated that they would convert within 1 year of natural gas service becoming available and 12% indicated they would convert within 1-2 years of natural gas service becoming available.

The Neustadt Project is proposed to go into service in stages between December 2024 and January 2025. The table below shows annual forecasted attachments over ten years, beginning in 2025. Enbridge Gas forecasted 230 customer attachments by the tenth year of the project.

¹ EB-2019-0255, Neustadt Schedule UU3, Section 3.4

Table 2: Forecasted Customer Attachments for the Project

Neustadt Customer Additions	Total Potential Customers	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total Forecasted
Residential Units (Singles)	194	60	34	26	17	9	5	5	5	5	5	171
Residential Multi-Units (Semis, Towns, Apartments)	34	11	8	6	4	1						30
Commercial /Industrial Units	39	1	13	7	4	1	1	1	1			29
Total	267	72	55	39	25	11	6	6	6	5	5	230

Questions:

- Please discuss the method and data Enbridge Gas used to forecast 230 residential attachments in the community of Neustadt 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 NGEP process and the project subject to this application.
- 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.

1-Staff-4

Ref: Exhibit A, Tab 2, Schedule 1, page 1-2 and Attachment 1

Preamble:

The specific pipeline facilities for which the Company is seeking OEB approval through this Application consist of:

- Approximately 4.8 km of 2 PE natural gas distribution pipeline
- Approximately 7.6 km of NPS 6 PE natural gas pipeline, consisting of approximately 6.7 km of supply lateral and 0.9 km of reinforcement pipeline

Construction of the NPS 2 PE distribution pipeline and NPS 6 PE supply lateral is planned to commence in June 2024 and be placed in service by December 2024. Construction of the NPS 6 PE reinforcement pipeline is planned to commence in January 2025 and be placed into service in January 2025.

Attachment 1 shows the NPS 6 PE reinforcement pipeline connecting two existing pipelines.

Questions:

- a) Please explain why the NPS 6 PE reinforcement pipeline is needed.
- b) Please explain why the NPS 6 PE reinforcement pipeline is not being constructed until after the other pipelines have already gone into service.

ISSUE 3.0 COSTS & ECONOMICS

3-Staff-5

Ref: Exhibit B, Tab 1, Schedule 1, Page 7
Exhibit H, Tab 1, Schedule 1, Attachment 3, Page 1

Preamble

Enbridge Gas submitted its Neustadt project proposal for NGEP funding in November 2020.²

On September 5, 2023, Enbridge Gas notified the MOE of a change in the scope of the Neustadt project.³

On September 15, 2023, Enbridge Gas filed its application seeking leave to construct (LTC) the Neustadt project.

² EB-2019-0255

³ H-1-1 Attachment 3, page 1 (dated September 5, 2022)

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.

Table 1: Comparison of NGEP Proposal, Ministry Update and LTC Application

	NGEP Proposal	Update to Ministry of Energy	LTC Application
Customer Forecast	219		230
NPS 2 Laterals (km)	2.80		4.80
NPS 4 Lateral (km)	3.75	4.0	
NPS 6 Lateral (km)		6.7	6.70
NPS 6 Reinforcement (km)	0.78	0.9	0.90
NPS 2 Ancillary (km)	5.60	4.8	Undisclosed
Total Length (km)	12.93	16.4	>13.40
Expansion Capital Cost	\$7,331,972		\$4,753,037
Ancillary Capital Costs			\$2,677,115
Reinforcement Capital Cost	\$437,183		\$348,421
Total Capital Cost	\$7,769,155		\$7,778,573
NGEP Funding	\$5,128,997		\$5,128,997
Net Capital Cost	\$2,640,158		\$2,649,576
Profitability Index without NGEP Funding	0.43		0.20

Questions:

- Please confirm that the summary information provided in Table 1 is correct. If not, please identify and correct any errors.
- 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. Otherwise, please explain.

ISSUE 4.0 ENVIRONMENTAL

4-Staff-6

Ref.: Exhibit F, Tab 1, Schedule 1, Page 5

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 Neustadt Project. Enbridge Gas says it will complete the

report and submit it to the Ministry of Citizenship and Multiculturalism (MCM) for acceptance prior to construction.

A Stage 1 Archaeological Assessment (AA) was completed in May 2023. As of September 12, 2023, the report was still being reviewed by the MCM. A Stage 2 AA will be completed based on the recommendations from the Stage 1 AA and will be submitted to the MCM for acceptance prior to construction. Any mitigation measures or recommendations for construction from the Stage 2 AA will be outlined in the site specific Environmental Protection Plan.

Questions:

- a) Please provide an update on the Existing Conditions Report.
- b) Please provide an update on the need for any Stage 2 and 3 AAs.

4-Staff-7

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-8

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

Preamble

Enbridge Gas contacted the Ministry of Energy (MOE) about the Neustadt project in September 2022. Enbridge Gas received a Delegation Letter from the MOE in December 2022, which indicated that the MOE had delegated the procedural aspects of consultation to Enbridge Gas for the Project. The Delegation Letter identified three Indigenous communities to be consulted.

Enbridge Gas notified the MOE of a change in the project scope on September 5, 2023.

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., September 15, 2023). The Indigenous Consultation Report reflects Enbridge Gas's Indigenous engagement activities for the Project up to and including August 1, 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.