

ENBRIDGE GAS INC.
Answer to Interrogatory from
Association of Power Producers of Ontario (APPrO)

Reference: i) Exhibit B1 Tab 2 Schedule 1, Table 10

Preamble: Enbridge has provided projections on the 2019 Incremental Revenue Requirement for the ICM projects.

Question:

Enbridge notes that there were no material incremental O&M expenses associated with the 2019 eligible projects and therefore excluded in the incremental revenue requirement calculation.

- a) Please confirm that the Sudbury lateral in fact lowers the O&M costs, due to the high historical integrity issues. If so, please explain why there would not be a reduction in O&M costs due to this ongoing savings.
- b) Similarly, the Don River crossing replacement would also be expected to lower O&M costs as a result of removing exposed pipeline and a bridge that would otherwise require increased maintenance and inspection. Please explain why there would not be a credit to O&M expenses as a result of this replacement.
- c) Please provide the annual O&M expenses incurred for each section of pipe that is being replaced for each of the above noted projects for the last 5 years.
- d) Please indicate if potential O&M savings form a part of the business case to replace these facilities, if so please provide a copy of the respective business case.

Response

- a) The Sudbury lateral replacement project is replacing an existing pipeline. The regular maintenance on the pipeline (such as leak survey, corrosion survey, valve inspections, etc.) will still be required, so it will not lead to O&M savings. Although the inline inspection interval will be decreased from every 7 years to 10 years, these savings are not significant. The majority of the repair costs, that will be avoided in the future, are attributed to replacement of discrete sections of pipe due to integrity concerns. These discrete replacements have therefore been addressed with maintenance capital rather than O&M expense.

- b) The Don River crossing replacement project (starting in April) is replacing above ground pipe bridge crossing (approx. 45 metres) with below ground crossing of the river. The regular maintenance on the pipe (such as leak survey, corrosion survey, valve inspections, etc.) will still be required and will not lead to O&M savings. As this is a short section of pipeline, the regular pigging activities that are a continued requirement will not result in O&M savings.
- c) O&M costs are not allocated to sections of pipe, thus, unable to provide a response to this question.
- d) There is no business case incorporating O&M savings related to the Sudbury lateral and Don River crossing replacement project mentioned in a) and b) above.