

ENBRIDGE GAS INC.
Answer to Interrogatory from
Board Staff (STAFF)

Reference: AMP – Exhibit C1/Tab 3/Schedule 1/Pgs. 84-85

Question:

Minimum Operating Pressure (MOP) verification is the process of reviewing all existing records for a pipeline system and confirming the maximum operating pressure of pipelines that are greater than 30 percent SMYS. While this is not currently mandated by code in Canada, it is required in the United States and is expected to become a requirement in Canada in the future. Given that Union Gas has approximately 2,980 km of pipelines greater than 30 percent SMYS, MOP verification will be a multi-year project requiring a dedicated team to complete the verifications and determine if any pipeline remediation is required. Spreading the verifications over several years will keep costs down and proactively implement an industry standard, which provides additional support for this program. Starting this program as forecast will mitigate the need for higher expenditures in a shorter time frame to meet these expected future mandated requirements.

- a) Please provide the costs (capital and OM&A) of this program for the planned period.
- b) The evidence states that the project will require a dedicated team to complete the verifications. How many FTEs and external resources will be required to implement this program?
- c) MOP verification is not currently a requirement in Canada. Does Union Gas know when MOP verification will become a requirement in Canada? Is there a possibility that the MOP verification program could be different in Canada as compared to the United States?
- d) The Customer Engagement Survey of Union Gas shows that 43% of those surveyed recommend waiting until the regulation is implemented in Canada. Why has Union Gas decided to implement this program when it is not a requirement in Canada and a large portion of its customers are recommending that they wait until the verification is required in Canada?
- e) Union Gas has indicated that starting this program earlier will mitigate the need for higher expenditures in a shorter time frame to meet expected future mandated requirements. Union Gas has assumed that when Canadian authorities implement the regulations, they will not give companies enough time

to implement this program. Why does Union Gas believe that Canadian authorities will not give companies sufficient time to implement the program when the regulations are put in place?

Response

- a) For the OM&A and Capital costs please refer to Exhibit C1, Tab 3, Schedule 1, Table 5.4.1.4.1 on page 86, and Table 5.4.1.3.1 on page 82.
- b) The expected FTEs required for this work is 10 in 2020, increasing to a total of 15 for years 2021 and beyond. These resources will be a mix of Enbridge Gas employees and contingent workers
- c) No, Enbridge Gas does not know when MOP verification will become a requirement in Canada. It is unlikely the program would be substantially different than what is required in the United States, as the Engineering work required to verify a Pipeline MOP is not fundamentally different in Canada than it is in the United States.
- d) While 43% of those surveyed in the Customer Engagement Survey recommended waiting for regulation requirements to keep costs down, 40% recommended proactively implementing industry standard. Through the customer engagement exercise, Union found that the top three most important outcomes for its customers are price, safety and reliability. The intent of the MOP Verification Program is to spread the verification work over several years to keep costs down and mitigate the need for higher expenditures in a shorter timeframe to meet these expected future mandated requirements. MOP verification programs are fundamentally tied to safety and operational reliability. The driver for the regulated requirement in the United States is directly tied to the San Bruno incident. Therefore, while the results of the Customer Engagement Survey were mixed, the Company looked at the outcomes that are most important to customers and decided MOP Verification was a priority.
- e) In all likelihood the regulators will provide a deferred time period for demonstrating compliance. By taking a proactive approach it will allow Enbridge Gas to spread the required costs out and allow for more flexibility than that of a regulated period of compliance in alignment with customer preference for steady pace of spend.