

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. G-5, SUB 667

In the Matter of
Joint Application of Public Service)
Company of North Carolina, Inc. and)
Enbridge Parrot Holdings, LLC to)
Engage in a Business Combination)
Transaction)

**DIRECT TESTIMONY OF JAMES SANDERS
ON BEHALF OF ENBRIDGE PARROT HOLDINGS, LLC**

November 15, 2023

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Nov 15 2023

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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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Direct Testimony of James Sanders

On Behalf of Enbridge Parrot Holdings, LLC

November 15, 2023

I. INTRODUCTION

1
2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is James Sanders. My business address is 500 Consumers Road, Toronto,
4 Ontario, M2J 1P8, Canada.

5 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

6 A. I am employed by Enbridge Gas Inc. (“Enbridge Gas”) as Senior Vice President,
7 Enterprise and Utility Integration.

8 **Q. WHAT ARE YOUR QUALIFICATIONS TO TESTIFY IN THIS**
9 **PROCEEDING?**

10 A. I have listed my qualifications in Exhibit JS-1.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. My testimony describes the resources available to Enbridge Parrot Holdings, LLC
13 (“EP Holdings”) as a member of the Enbridge Inc. (“Enbridge”) group of
14 companies in support of the proposed transaction (the “Transaction”) pursuant to
15 which the parent entity of Public Service Company of North Carolina, Inc., d/b/a

1 Dominion Energy North Carolina (“PSNC”), Fall North Carolina Holdco LLC
2 (“NC Holdco”), will become a wholly-owned subsidiary of EP Holdings.

3 I also discuss a number of the operational commitments that are being made
4 in connection with the Transaction and how the resources available to PSNC
5 following completion of the Transaction will benefit PSNC’s operations and
6 enhance PSNC’s ability to continue to deliver safe, reliable, and affordable natural
7 gas service to its customers.

8 II. ENBRIDGE’S OPERATIONS AND VALUES

9 Q. PLEASE DESCRIBE ENBRIDGE’S COMMITMENT TO NATURAL GAS 10 AS AN ENERGY SOURCE FOR ITS CUSTOMERS.

11 A. Enbridge is committed to supporting natural gas utilities in the provision of safe,
12 reliable and affordable energy for the benefit of local communities. In addition,
13 Enbridge supports the role of natural gas in reducing the carbon footprint of the
14 energy that it delivers, and is committed to achieving net zero greenhouse gas
15 emissions in its operations by 2050, with a 35% reduction in emissions intensity
16 by 2030. Today, and for the long-term, natural gas will remain essential for
17 achieving North Carolina’s energy security, affordability and sustainability goals.
18 EP Holdings will draw upon the experience and resources of Enbridge and the
19 Enbridge group of companies to ensure that PSNC continues to provide safe,
20 reliable, and affordable natural gas service over the long term. This includes
21 continued investment in PSNC’s infrastructure, business support systems, and
22 people. PSNC’s employees will have the opportunity to benefit from operations

1 and practices successfully deployed at Enbridge Gas, and at other Enbridge
2 business units.

3 **Q. PLEASE PROVIDE SOME EXAMPLES OF THE WAYS IN WHICH**
4 **ENBRIDGE COMPANIES HAVE HELPED TO PROVIDE SAFER AND**
5 **MORE EFFICIENT GAS SERVICE.**

6 As an example, Enbridge Gas' integrity programs, over the last few years, have
7 improved through collaboration with other Enbridge business units and industry
8 involvement. As part of this process, Enbridge Gas, along with other Enbridge
9 business units, has formed a Joint Integrity Business Council. This forum enables
10 the Enbridge business units to discuss and collaborate with one another on integrity
11 best practices, drive towards common goals, and share experiences and lessons
12 learned. In line with the application of best practices, Enbridge Gas has risk-ranked
13 its transmission system based on the latest applicable technical standards¹ to
14 support integrity decisions. In addition, Enbridge Gas has recently employed a
15 detection tool to identify crack-like features on a subset of its transmission
16 pipelines. Enbridge has also stood up an enhanced distribution integrity team to
17 focus on higher risk distribution assets and prioritize related business decisions,
18 and initiated a geohazard program to focus on geotechnical and hydrotechnical
19 risks. These are a few examples of how Enbridge Gas and PSNC can
20 collaboratively work together to ensure that PSNC continues to provide its current

¹ Canadian Standards Association Z662, Annex O ("Oil and gas pipeline systems").

1 and future customers with safe, reliable, and affordable natural gas service.
2 Furthermore, EP Holdings and PSNC are committed to being transparent and
3 respectful in cooperating with local regulatory authorities and all people residing
4 in the communities served by PSNC.

5 **Q. HOW ARE ENBRIDGE'S NATURAL GAS PUBLIC UTILITIES**
6 **OPERATED?**

7 A. Enbridge Gas, which provides service in Ontario, has over 175 years of experience
8 in delivering safe, reliable, and affordable natural gas. Enbridge Gas is North
9 America's largest natural gas utility by volume of natural gas delivered and third
10 largest by customer count with a rate base in excess of C\$15 billion (US\$ 11
11 billion).² Enbridge Gas provides heating to more than 75% of Ontario homes with
12 a reliability of more than 99.99%. Enbridge Gas's system consists of over 93,000
13 miles of pipeline, taking into account both mains and services, supplied from
14 36,000 measurement and pressure regulating stations. Enbridge Gas operates
15 integrated natural gas storage, transmission and distribution assets that include
16 approximately 290 billion cubic feet of storage and 2,200 miles of transmission
17 pipelines powered with 53 compressors providing 800,000 horsepower at four
18 primary sites. Enbridge Gas also operates one liquefied natural gas facility with a
19 capacity of approximately 0.7 billion cubic feet. Above all else, Enbridge Gas is
20 constantly working to ensure the safety of its people, neighbors and the

² All CAD to USD conversions utilize an October 12, 2023 exchange rate of 1.3657.

1 communities in which it operates. In 2022, Enbridge Gas invested over C\$500
2 (US\$366) million in maintaining the integrity of its system. Enbridge Gas' storage,
3 transmission and distribution operating systems are monitored continuously
4 through a central gas control center which has the ability to remotely operate the
5 system and/or to dispatch technicians as needed.

6 Enbridge Gas personnel provide several functions specific to the utility,
7 such as gas supply, gas control, regulatory, work management, asset management,
8 and engineering.

9 Enbridge also owns Gazifère Inc. ("Gazifère"), which provides gas
10 distribution service to more than 43,500 residential, commercial, and industrial
11 customers in Quebec. Gazifère manages 620 miles of natural gas distribution
12 facilities that currently serve the City of Gatineau and the municipality of Chelsea.

13 In 2022, Enbridge Gas and Gazifère delivered, on a combined basis, some
14 2,162 billion cubic feet of natural gas to its customers.

15 Similar to Dominion Energy, Enbridge manages and maintains a corporate
16 functions group which provides centralized support to the existing regulated
17 utilities. Centralized functions include Human Resources, Information
18 Technology, Finance, Legal, Safety and Reliability, and Supply Chain
19 Management. These services are available to all wholly-owned Enbridge entities.

20 **Q. HOW IS ENBRIDGE GAS INVESTING IN THE NATURAL GAS**
21 **BUSINESSES?**

22 **A.** Enbridge recognizes that the safety, operational reliability, and integrity of its

1 natural gas assets are a top priority. To foster this level of diligence in managing
2 its assets, in 2015, Enbridge implemented an Integrated Management System
3 (“IMS”) within the Gas Distribution & Storage business unit as well as other
4 Enbridge business units.

5 The management of assets is important for the secure, safe, and reliable
6 delivery of energy to customers. Enbridge Gas’s Asset Management Program
7 (“AMP”) ensures that this goal is achieved while managing risk and opportunity.
8 The AMP is a document that is intended to outline policies and strategies for
9 establishing effective asset management for all utility assets; processes and
10 governance for asset management planning; asset class objectives and life cycle
11 management strategies; and asset inventory, condition methodology, condition
12 findings, risks opportunities and renewal plans. This document aligns with the
13 ISO5500X industry standard, which has been developed by the Institute of Asset
14 Management and the Global Forum on Maintenance and Asset Management.

15 From 2013 through 2022 inclusive, Enbridge invested more than C\$16.1
16 (US\$11.79) billion in leak detection/surveying, leak inspection, integrity, and
17 damage prevention programs that have helped maintain the fitness of its systems
18 across its operations in North America.

19 Finally, Enbridge Gas is continually evaluating new opportunities to
20 expand its infrastructure. Most recently, as part of the Government of Ontario’s
21 Natural Gas Expansion Program, Enbridge Gas has been actively expanding its
22 infrastructure to provide natural gas service to communities which currently do not

1 have access to such service. Enbridge Gas also actively works with its commercial
2 and industrial customers to assess their future needs for natural gas.

3 **Q. PLEASE PROVIDE ADDITIONAL INFORMATION WITH RESPECT TO**
4 **ENBRIDGE'S IMS?**

5 A. Enbridge's IMS provides the framework, governance, and processes to manage
6 risk, ensure compliance and improve safety and operational reliability. The system
7 is intended to make certain that Enbridge proactively ensures the protection of its
8 assets, people, public and the environment.

9 Enbridge's Gas Distribution & Storage IMS contains the following
10 Management Programs: 1) Asset Management; 2) Emergency Management; 3)
11 Environmental Protection; 4) Safety Management; 5) Integrity Management; 6)
12 Physical and Cyber Security Management; 6) Control Room Management; and 7)
13 Customer Care. Each of these Management Programs outlines how Enbridge
14 intends to meet its corporate and technical regulatory obligations. These
15 Management Programs are ongoing bodies of work and operate in a coordinated
16 manner across various functional departments to achieve Enbridge's safety and
17 reliability metrics.

18 The IMS also contains Elements, such as, Leadership and Governance,
19 Risk Management, and Compliance, which provide the requirements, expectations,
20 tools and processes to ensure that work associated with the Management Programs
21 is executed in a compliant, consistent, and safe manner.

1 Enbridge's IMS protocols ensure that senior management is aware of
2 significant risks, performance, and compliance of the IMS Elements and
3 Management Programs.

4 As stated in the Joint Application, in addition to ensuring that PSNC
5 maintains safety and reliability standards and policies, EP Holdings intends to
6 implement IMS in the PSNC service area and seeks to do so within two years after
7 completion of the Transaction.

8 **Q. WILL PSNC CONTINUE TO HAVE ACCESS TO SHARED SERVICES**
9 **PROVIDED THROUGH A SHARED SERVICES COMPANY**
10 **FOLLOWING COMPLETION OF THE TRANSACTION?**

11 A. Yes. PSNC currently receives certain services like human resources, legal and
12 accounting support, from Dominion Energy Services. The Agreement provides
13 that, for a period of time after the closing of the Transaction, Dominion Energy
14 Services will continue to provide shared services support until such support within
15 the Enbridge family of companies can be provided. This support will be provided
16 through a Master Transition Services Agreement (the "TSA"), and will ensure that
17 service quality, safety, and reliability will not be adversely affected by the transfer
18 of shared services that are currently provided by Dominion Energy affiliates to
19 PSNC. It is my understanding that the Commission has previously reviewed the
20 allocation methodologies by which Dominion Energy affiliates provide shared
21 services to PSNC, and those allocation methodologies set forth the basis upon

1 which the costs payable by PSNC for such shared services will be charged under
2 the TSA.

3 **Q. PLEASE DISCUSS ENBRIDGE'S COMMITMENT TO SAFETY.**

4 A. Safety is a core value, as detailed by Witness Harradence, and is a paramount
5 consideration at all of the companies that are part of the Enbridge family. Enbridge
6 seeks to ensure that every employee returns home safely every day, and that the
7 assets of every company within the Enbridge group of companies are operated in
8 a safe and prudent manner. Enbridge's commitment to safety is based on its care
9 for its employees, contractors, the communities in which Enbridge operates, and
10 the environment. Enbridge's safety principles support and highlight the
11 fundamental belief that Enbridge holds on its path to a zero-event workplace.

12 In 2022, safety performance across the Enbridge companies was on par
13 with the record-setting result in 2021, contributing to a 23% reduction in employee
14 and contractor injuries over a three-year average, and moving Enbridge closer to a
15 goal of zero events.

16 The following table includes the safety awards that Enbridge Gas and
17 Gazifère have received over the past three years.

Canadian Gas Association Awards		
Award Year	Award	Company
2022	Corporate Employee Safety Award	Gazifère
2021	Corporate Employee Safety Award	Gazifère
2021	Corporate Vehicle Safety Award	Gazifère

2021	Safety Lifetime Achievement Award - Grant Kilpatrick	Enbridge Gas
2020	Worker Safety Award - Struck By Video Series	Enbridge Gas
2020	Corporate Vehicle Safety Award	Gazifère
American Gas Association Awards		
Award Year	Award	Company
2022	Industry Leader Accident Prevention Award (DART below Industry Average)	Enbridge Gas
2022	AGA Leading Indicator Award	Enbridge Gas
2021	Industry Leader Accident Prevention Award (DART below Industry Average)	Enbridge Gas
2021	AGA Leading Indicator Award	Enbridge Gas
2020	Industry Leader Accident Prevention Award (DART below Industry Average)	Enbridge Gas

1 **Q. HOW IS THE COMMITMENT TO SUSTAINABILITY OF THE**
2 **ENVIRONMENT FULFILLED?**

3 A. As noted in Witness Harradence's testimony, sustainability is foundational to the
4 businesses operated by the Enbridge companies. Enbridge is committed to
5 reducing its emissions, building lasting relationships with stakeholders, and

1 advancing diversity, equity, and inclusion. More information on Enbridge's
2 sustainability commitment is set forth in Enbridge's [2022 Sustainability Report](#).³

3 Enbridge is innovating across the entire energy value chain to ensure the
4 reliability and affordability of energy today, while accelerating the energy
5 transition. Enbridge is introducing cleaner fuels into its energy mix, reducing
6 emissions from its existing processes, turning promising technologies into scalable
7 solutions, re-purposing existing infrastructure (for example, blending hydrogen
8 into the natural gas distribution network), and continuing to invest in new, low-
9 carbon infrastructure including renewables.

10 Enbridge is committed to transparency and to the disclosure of
11 Environmental, Social, and Governance ("ESG") factors and performance relevant
12 to its business and stakeholders. The Company has reported its sustainability
13 efforts and process on ESG matters for over 20 years. Enbridge intends to continue
14 to align its reporting with leading disclosure frameworks and evolving best
15 practices.

16 Enbridge's commitment to environmental protection is articulated in its
17 [Safety and Reliability Policy](#).⁴

18 Enbridge's environmental protection plans ("EPP") are part of an IMS that
19 encompasses safety, security, and the protection of the environment, and defines
20 environmental management accountabilities and responsibilities in the Enbridge

³ Available at <https://www.enbridge.com/reports/2022-sustainability-report>.

⁴ Available at <https://www.enbridge.com/about-us/safety/safety-and-reliability-policy>.

1 organization. Enbridge continually monitors environmental performance and
2 conducts regular internal audits of its EPPs in order to assess and enhance its
3 environmental management practices.

4 **Q. PLEASE PROVIDE ADDITIONAL DETAILS ON THE COMMITMENT**
5 **TO CUSTOMER SERVICE.**

6 A. The Transaction will not have an adverse impact on the operations or services of
7 PSNC. EP Holdings commits that PSNC will have the resources to continue to, at
8 a minimum, maintain current service quality and meet or exceed applicable
9 customer service standards. In addition, EP Holdings will develop a plan
10 identifying how it intends to communicate the change in ownership of the PSNC
11 assets from Dominion Energy to EP Holdings.

12 PSNC will continue its practice of conducting customer surveys to gain a
13 better understanding of its customers and to incorporate what it learns into
14 processes, programs and services that PSNC can use in providing better service to
15 its customers.

16 **Q. CAN YOU HIGHLIGHT SOME EXAMPLES OF ENBRIDGE**
17 **COMPANIES HELPING LOW-INCOME USERS OF NATURAL GAS?**

18 A. Enbridge Gas offers low-income programs through its ratepayer funded
19 conservation (or Demand Side Management) programs. An example of one
20 specific program is Enbridge Gas's Home Winterproofing Offering. This program
21 is designed to reduce energy costs and improve indoor home comfort for both low-
22 income homeowners and tenants who use natural gas. Program participants receive

1 a home energy assessment and direct installation of weatherization measures at no
2 cost to the participant. In addition, as a health and safety measure, participants are
3 provided a carbon monoxide detector if one is not already present in the home. At
4 the time of the home energy assessment, the home is also pre-qualified for water
5 conservation measures and a smart thermostat.

6 As part of Enbridge Gas's commitment to corporate citizenship, in 2023,
7 Enbridge Gas contributed C\$315,000 (~US\$231,000) to the Fire Marshal's Public
8 Fire Safety Council ("FMPFSC") in support of Safe Community Project Zero. This
9 program seeks to support vulnerable residents through a public education campaign
10 delivered in partnership with the FMPFSC and local fire departments to distribute
11 and install smoke and carbon monoxide detectors at no cost. In addition, in 2023,
12 Enbridge Gas contributed an additional C\$250,000 (~US\$183,000) to the
13 FMPFSC towards the purchase of educational materials to train the personnel of
14 50 Ontario fire departments in life-saving techniques.

15 III. PLANS FOR OPERATING PSNC FOLLOWING

16 COMPLETION OF THE TRANSACTION

17 **Q. HOW WILL PSNC BE OPERATED FOLLOWING COMPLETION OF**
18 **THE TRANSACTION?**

19 A. Upon completion of the Transaction, PSNC will be operated as a separate legal
20 entity with headquarters in Gastonia, North Carolina, and with local operations
21 centers in its franchised service territory, with responsibility for implementing
22 policies and practices to achieve the objectives of customer satisfaction, reliable

1 service, public and employee safety, environmental stewardship, and collaborative
2 and productive relationships with customers, regulators, other governmental
3 entities, and interested stakeholders. PSNC will have the additional benefit of
4 access to the resources of the larger Enbridge group of companies, bringing best
5 practices from divisions as disparate as Liquids Pipelines, Gas Transmission &
6 Midstream, and Renewable Power Generation, which will bring about tangible
7 benefits as described below.

8 IV. OPERATIONAL BENEFITS OF THE TRANSACTION

9 Q. WHAT ARE THE OPERATIONAL BENEFITS OF THE TRANSACTION 10 TO PSNC AND ITS CUSTOMERS?

11 A. PSNC and its employees and customers will benefit from access to Enbridge safety
12 systems and community investment programs that are available to companies that
13 are part of the Enbridge group of companies. Based on data⁵ compiled by the
14 American Gas Association, Enbridge's Gas Distribution & Storage business has
15 been recognized as a top quartile performer as compared to its top 20 AGA peers
16 by size of customer base.

17 As noted above, Enbridge implemented IMS within the Gas Distribution &
18 Storage business unit (Enbridge Gas and Gazifère) and other Enbridge business
19 units. To ensure that PSNC can continue to achieve its strategic priorities and
20 identify, understand and effectively manage hazards and risks, EP Holdings intends

⁵ This analysis is based on a 5-year average, as well as the year of 2021.

1 to implement IMS (which includes safety and risk management programs,
2 processes and procedures) at PSNC and will seek to do so within two years
3 following completion of the Transaction. Enbridge Gas has had these programs in
4 place for a significant period of time and can assist PSNC in the development of
5 such programs in its existing franchised service territory.

6 In summary, following receipt of regulatory approval, PSNC will have
7 access to the broader group of Enbridge companies with which to collaborate and
8 implement enhancements to current safety, integrity, construction and operational
9 programs. These programs will result in benefits to PSNC as well as its current and
10 future customers.

11 **V. OPERATIONAL COMMITMENTS AND UNDERSTANDINGS**

12 **Q. ARE EP HOLDINGS AND PSNC WILLING TO MAKE COMMITMENTS**
13 **AND TO PROVIDE ASSURANCES RELATING TO THE OPERATIONS**
14 **OF PSNC?**

15 A. Yes.

16 **Q. PLEASE SUMMARIZE THE COMMITMENTS EP HOLDINGS AND**
17 **PSNC ARE MAKING RELATED TO THE OPERATIONS OF PSNC.**

18 A. PSNC will be supported in continuing its current operational goals, and will
19 continue to seek to achieve its goals of installing, upgrading, and maintaining
20 infrastructure to ensure the safe and reliable delivery of natural gas. PSNC's ability
21 to achieve its goals will be enhanced as a result of the Transaction.

1 Consistent with these goals, EP Holdings and PSNC make the following
2 commitments relating to the operation of the utility after consummation of the
3 Transaction:

- 4 • EP Holdings commits to continue to devote the necessary resources
5 to maintain, at a minimum, current service quality. In addition,
6 PSNC will continue to survey its customers regarding their
7 satisfaction with their natural gas service and will incorporate this
8 information into its processes, programs, and services.
- 9 • Within two years after completion of the Transaction, EP Holdings
10 will seek to implement its IMS tool in the PSNC service area.
- 11 • Absent a material change in circumstances, it is EP Holdings'
12 intention to continue PSNC's planned total capital expenditures, as
13 set forth in PSNC Witness Harris's testimony. Further,
14 environmental monitoring and maintenance programs of PSNC will
15 be maintained at or above current levels.

VI. CONCLUSION

Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?

A. PSNC will experience operational benefits as a result of the Transaction, as more fully described in the Joint Application and in my testimony. Approval of the Transaction will not, standing alone, result in any potential operational costs or risks for PSNC's customers. As a result, I believe that approval of the Transaction will result in net benefits for PSNC and should be approved as just and reasonable, and in the public interest.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

James Sanders

Jim Sanders is Senior Vice President Enterprise & Utility Integration for Enbridge Gas Inc.

Prior to this role, Jim was Senior Vice President, Operations for Enbridge Gas Inc. In this role, Jim was accountable for the operations, maintenance and construction of the utility's distribution, transmission and storage systems with responsibility for the execution of all field operations to ensure the continued safe and reliable delivery of natural gas to our 3.9 million customers.

With over 30 years of experience in the energy industry, Jim has held roles at Nuclear Activation Services, Union Gas, Duke Energy and Enbridge in engineering, projects, operations, sales, customer service, regulatory and business development. His natural gas work has included the design, construction and operation of distribution, transmission and storage assets in Canada and the United States.

Jim joined Enbridge in 2006. Prior to his current role, he served as Senior Vice President of Operations. Jim also served as President of Enbridge Gas Distribution, and Vice President of Engineering and Asset Management.

He earned a Master of Engineering and Public Policy from McMaster University in Hamilton, Ontario, Canada and a Bachelor of Applied Science (Civil Engineering) at the University of Waterloo in Ontario, Canada. He is a Professional Engineer in the Province of Ontario.

Jim is an active supporter of the United Way and is currently a co-chair for the Toronto, York and Peel United Way Cabinet.