

EB-2011-0323

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an Order pursuant to Section 90 of the *Ontario Energy Board Act, 1998*, granting leave to construct a natural gas pipeline from the Town of Cookstown to the Town of Alliston, all in Simcoe County.

BEFORE: Marika Hare
Presiding Member

DECISION AND ORDER

Enbridge Gas Distribution Inc. (“Enbridge”) filed an application with the Ontario Energy Board (the “Board”) on September 29, 2011, under section 90 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B, (the “Act”) for an order granting leave to construct approximately 9.0 kilometres of 203 millimeter diameter (Nominal Pipe Size 8 inch) extra high pressure steel pipeline and facilities to reinforce the existing natural gas delivery system in the Alliston Ontario area (the “Pipeline”). The Board has assigned the application file number EB-2011-0323.

For the reasons set out below, the Board finds the construction of the Pipeline to be in the public interest and grants leave to construct on the terms and conditions (the “Conditions of Approval”) set out in this Decision and Order. The Board’s Conditions of Approval are attached as Appendix “A”.

The Proposed Pipeline

The Pipeline route begins at Enbridge's Cookstown Gate Station located at 4174 15th Line (also called Victoria Street) and proceeds west along the road allowance of 15th Line for approximately 950 metres to Dufferin Street. The Pipeline then proceeds north along Dufferin Street for 230 metres to Highway 89. The Pipeline then follows Highway 89 westwards for 7.6 kilometres to terminate in the vicinity of Highway 89 and Sideroad 10, all in Simcoe County.

The Pipeline is the first of a four-phase development to increase the capacity of the Alliston system. The three future phases are not the subject of this application but are introduced into the economic evaluation of the Pipeline. The subsequent phases, consisting of mains, services and a station are planned in 2014, 2015, and 2019. The capital costs, including contingencies and overheads for the other phases are estimated at \$1.0 million, \$1.9 million, and \$1.8 million, respectively.

A map showing the location of the Pipeline is attached as Appendix "B".

The Proceeding

The Board issued a Notice of Application and Hearing (the "Notice") on October 13, 2011 and Enbridge served the Notice as directed by the Board. No parties intervened or registered as observers and there were no letters of comment. The Board set a written proceeding schedule in Procedural Order No. 1 which was issued on November 9, 2011. In accordance with the procedural schedule, Board staff filed interrogatories on November 25, 2011. Enbridge filed interrogatory responses on December 14, 2011.

Board staff filed a written submission on December 23, 2011. Board staff's submission supported Enbridge's application. Enbridge filed its Reply on January 10, 2012.

The Public Interest Test

This is an application under section 90 of the Act seeking an order for leave to construct a natural gas pipeline. Section 96 of the Act provides that the Board shall make an Order granting leave if the Board finds that "the construction, expansion or reinforcement of the proposed work is in the public interest". When determining whether a project is in the public interest, the Board typically examines the need for the

project, the economics, the impact on the ratepayers, the environmental impact, the impact on land owners, and pipeline design technical requirements.

The following issues define the scope of the proceeding:

- Is there a need for the proposed pipeline?
- Are there any undue negative rate implications for Enbridge's rate payers caused by the construction and operation of the proposed pipeline?
- What are the environmental impacts associated with construction of the proposed pipeline and are they acceptable?
- Are there any outstanding landowner matters for the proposed pipeline routing and construction?
- Is the pipeline designed in accordance with the current technical and safety requirements?

Each of these issues is addressed below.

The Need for the Pipeline

The need for the Pipeline is driven by expected new customer growth in the Alliston service region served by the Alliston system. The Alliston system supplies gas to a number of district stations throughout various communities including the Town of Alliston, Cookstown, Nottawasaga, Everett, Beeton and the Town of Tottenham. The Pipeline addresses the need by increasing the capacity of the Alliston system to meet residential and commercial growth in the area beyond October 2012.

Enbridge's evidence indicates that Alliston and the surrounding communities continue to experience economic and population growth. The maximum peak hour load is forecasted to grow from 28,790 cubic meters per hour in the winter of 2011-2012 to 52,000 cubic meters per hour in the winter of 2019-2020. The Pipeline is planned to address the growth in demand.

The Board finds that Enbridge has adequately addressed the need for the Pipeline.

Project Economics

The estimated capital cost of the Pipeline is \$5.3 million. Enbridge is not requesting any contributions in aid of construction from customers. The project feasibility analysis indicates that it meets and exceeds the Board's economic threshold for feasibility which is a Profitability Index (PI) = 1. The Pipeline, including the future phases and the associated customer attachment revenues, has a PI index of 1.37. The initial phase (i.e. the Pipeline), assessed on a stand-alone basis, shows a PI equal to 0.78.

The Board finds that Enbridge's evidence on the cost estimates is acceptable. The Board understands that the PI of 1.37 is inclusive of future phases of the development and that this practice has been accepted by the Board in past proceedings. The Board finds that this approach is acceptable in the circumstances of this application. Furthermore, the Board finds that the Pipeline will not introduce any undue negative rate implications for Enbridge's ratepayers.

As the actual costs will not be available until the Pipeline is completed, the Board will require a report from Enbridge on the actual costs of the Pipeline approved in this Decision and Order. Accordingly, the Board has included in Appendix "A" to this Decision and Order, the following as a Condition of Approval:

- 1.5 Within 15 months of the final in-service date, Enbridge shall file with the Board Secretary a Post Construction Financial Report. The Report shall indicate the actual capital costs of the project and an explanation for any significant variances from the estimates filed in this proceeding.

Environmental Assessment

The Board's guidance in relation to environmental matters is described in its environmental guidelines, *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, 6th edition, 2011*. In accordance with the guidelines, Enbridge completed an Environmental and Cumulative Effects Assessment which included an Archaeological Assessment and an environmental implementation plan for the Pipeline (collectively the "ER"). No outstanding environmental or construction issues were identified.

The Ontario Pipeline Coordinating Committee (“OPCC”) was provided copies of the ER for review. The OPCC completed its review of the ER and did not raise any matters of concern.

The evidence shows that there was extensive public consultation, including consultation with aboriginal groups. Enbridge stated that it is not aware of any outstanding or unresolved issues relating to any of the consultations.

The Board finds that Enbridge has proposed an appropriate mitigation and restoration program to construct the pipeline. To ensure mitigation of impacts, and restoration of land and water resources, the Board has imposed monitoring and reporting requirements in the Conditions of Approval attached as Appendix “A” to this Decision and Order.

The Board is aware that other approvals will be required for construction. The Board finds that Enbridge’s compliance with the Conditions of Approval will ensure that the requirements of other permits and approvals are fully addressed. The Board finds that the environmental plans proposed by Enbridge are acceptable.

Land Issues

There are no permanent easements required for the Pipeline. The Pipeline is to be located entirely within municipal road allowances. Enbridge stated that it would obtain all of the required permits and temporary working easements prior to access to the lands.

Section 97 of the Act requires that the Board approve the form of easement agreement that would be offered to the landowners. Enbridge filed its proposed forms for both permanent (although not expected to be required) and temporary easement agreements that it would offer landowners. Enbridge submitted evidence that its easement agreement templates have been filed and approved by the Board in recent proceedings; notably Torbram Road (EB-2010-0241), York Energy Centre (EB-2010-0187), Northlands (EB-2008-0065) and Scarborough Phase II (EB-2007-0913).

Even though it is not expected that permanent easements will be required, the Board approves the proposed forms of agreement included in the evidence, should any easements become necessary. The Board notes that Condition 4.1 of the Conditions of

Approval specifies that the Board-approved forms of easement agreement be used by Enbridge if any offers are made to the landowners.

Pipeline Design - Technical and Safety Requirements

Enbridge provided evidence that the proposed pipeline is designed in accordance with the requirements of Ontario Regulation 210/01, Oil and Gas Pipeline Systems, under the *Technical Standards and Safety Act, 2008* and the CSA Z662-03 Oil and Gas Pipeline Systems Code.

The Board finds that the proposed pipeline meets the construction and operational requirements for safe operation. The Technical Standards and Safety Authority, as the agency overseeing the operation of the pipelines in Ontario, has the authority to implement all the applicable standards.

For the reasons set out above, the Board finds that the Pipeline being proposed by Enbridge in this proceeding is in the public interest and grants the leave to construct subject to the conditions set out in Appendix "A".

THE BOARD ORDERS THAT:

1. Enbridge Gas Distribution Inc. is granted leave, pursuant to subsection 90 (1) of the Act, to construct approximately 9 kilometres of 203 millimetre (8 inch) diameter Extra High Pressure steel pipeline and facilities located in the Alliston Ontario area, subject to the Conditions of Approval set forth in Appendix "A".
2. Enbridge Gas Distribution Inc. shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

DATED at Toronto, January 23, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX "A"

TO BOARD DECISION AND ORDER

IN THE MATTER OF EB-2011-0323

DATED January 23, 2012

CONDITIONS OF APPROVAL

EB-2011-0323
Enbridge Gas Distribution Inc.
Leave to Construct Application

Conditions of Approval

1 General Requirements

- 1.1 Enbridge Gas Distribution Inc. (“Enbridge”) shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2011-0323 except as modified by this Order and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate December 31, 2012, unless construction has commenced prior to that date.
- 1.3 Enbridge shall implement all the recommendations of the Environmental Report filed in the pre-filed evidence, and all the recommendations and directives identified by the members of the Ontario Pipeline Coordinating Committee (“OPCC”).
- 1.4 Enbridge shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Enbridge shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.
- 1.5 Within 15 months of the final in-service date, Enbridge shall file with the Board Secretary a Post Construction Financial Report. The Report shall indicate the actual capital costs of the project and an explanation for any significant variances from the estimates filed in this proceeding.

2 Project and Communications Requirements

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Natural Gas Applications.
- 2.2 Enbridge shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfillment of the Conditions of Approval on the construction site. Enbridge shall provide a copy of the Order and Conditions of Approval to the project engineer, within seven days of the Board's Order being issued.

- 2.3 Enbridge shall give the Board's designated representative and the Chair of the OPCC ten days written notice in advance of the commencement of the construction.
- 2.4 Enbridge shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Board's Order.
- 2.5 Enbridge shall file with the Board's designated representative notice of the date on which the installed pipelines were tested, within one month after the final test date.
- 2.6 Enbridge shall furnish the Board's designated representative with five copies of written confirmation of the completion of construction. A copy of the confirmation shall be provided to the Chair of the OPCC.

3 Monitoring and Reporting Requirements

- 3.1 Both during and after construction, Enbridge shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. Enbridge shall attach a log of all complaints that have been received to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2 The interim monitoring report shall confirm Enbridge's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 3.3 The final monitoring report shall describe the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

4 Easement Agreements

- 4.1 Enbridge shall offer the form of agreement approved by the Board to each landowner, as may be required, along the route of the proposed work.

5 Other Approvals and Agreements

- 5.1 Enbridge shall obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project, shall provide a list thereof, and shall provide copies of all such written approvals, permits, licences, and certificates upon the Board's request.

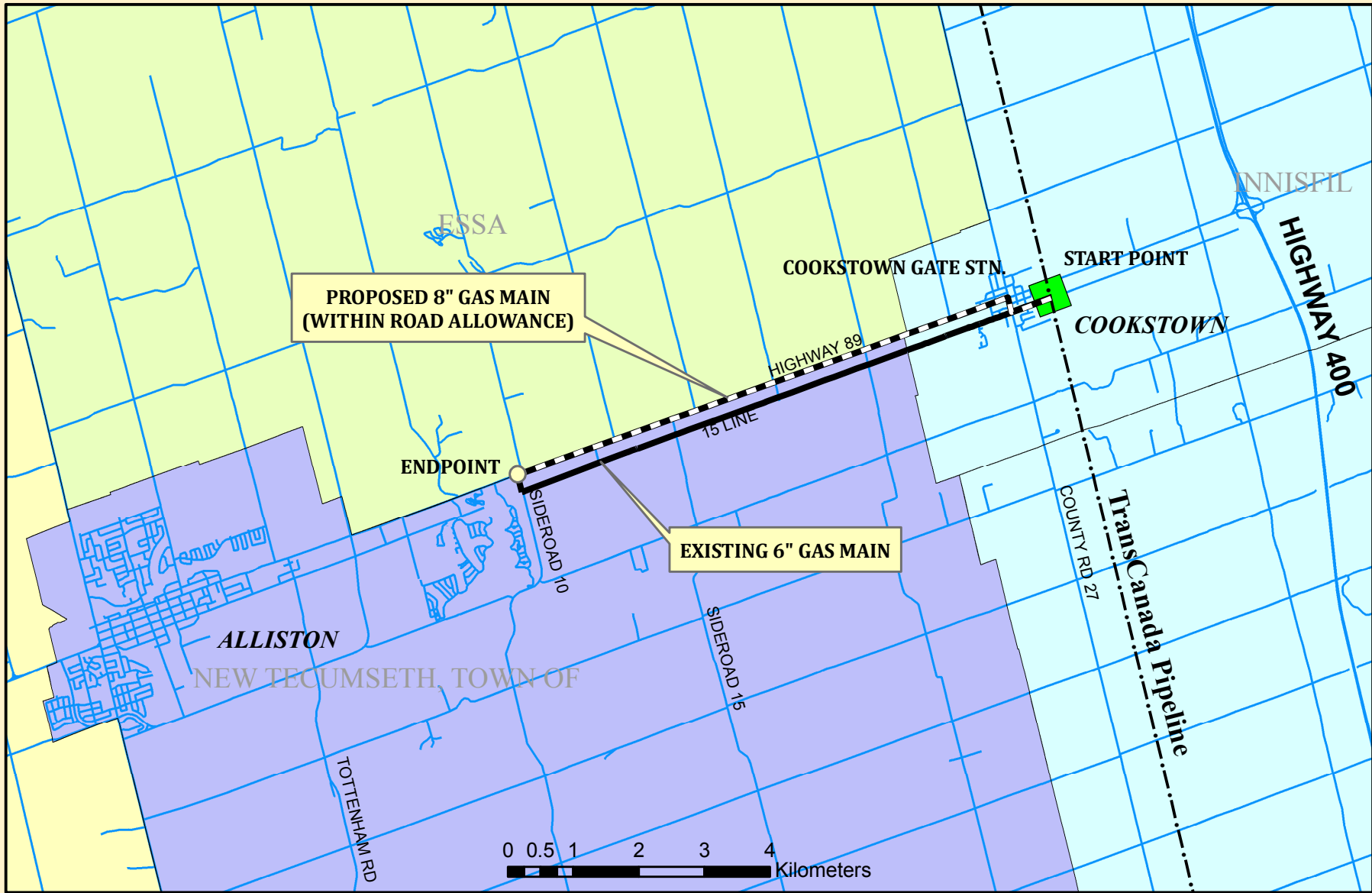
APPENDIX "B"

TO BOARD DECISION AND ORDER

IN THE MATTER OF EB-2011-0323

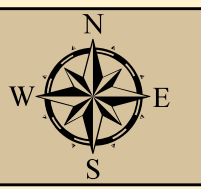
DATED January 23, 2012

MAP OF THE PIPELINE ROUTE



**PROPOSED 8" GAS MAIN
(WITHIN ROAD ALLOWANCE)**

EXISTING 6" GAS MAIN



ALLISTON NATURAL GAS PIPELINE REINFORCEMENT

LEGEND:	
■	COOKSTOWN GATE STATION
—	EXISTING 6" GAS MAIN
- - -	PROPOSED 8" GAS MAIN