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October 26, 2012

VIA COURIER, EMAIL and RESS

Ms. Kirsten Walli
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 26th Floor
Toronto, ON M4P 1E4

Re: Enbridge Gas Distribution Inc. ("Enbridge")
EB-2012-0099 Ottawa Reinforcement Project
Enbridge Reply Submission

In accordance with the Procedural Order issued by the Ontario Energy Board (the "Board") on September 11, 2012, enclosed please find the Reply Submission of Enbridge.

Also, enclosed in the package please find the following:

- Exhibit A, Tab, 1, Schedule 1 updated, and
- Binder Tabs – H- Submissions Tab 1 and 2.

The submission has been filed with through the Board's Regulatory Electronic Submission System (RESS).

For further information about the project, please visit the Enbridge website at:
www.enbridgegas.com/ottawaproject

Please contact me if you have any questions.

Yours truly,

[original signed]

Bonnie Jean Adams
Regulatory Coordinator

cc: Ms. Zora Crnojacki, OPPC Chair (via email)
Mr. Neil McKay, Manager Natural Gas Applications, Board (via email)

ONTARIO ENERGY BOARD

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. under section 90 of the Act for an order or orders granting leave to construct a natural gas distribution pipeline and ancillary facilities in the City of Ottawa.

**REPLY SUBMISSIONS OF
ENBRIDGE GAS DISTRIBUTION INC.
EB-2012-0099**

Overview

1. Enbridge Gas Distribution Inc. ("**Enbridge**" or the "**Applicant**") applied for leave to construct approximately 18.8 kilometres ("**km**") of Nominal Pipe Size 24 ("**NPS 24**") Extra High Pressure ("**XHP**") steel pipeline and ancillary facilities including an expansion of the Richmond Gate Station (the "**Facilities**"). A map of the proposed pipeline can be found in Exhibit A, Tab 3, Schedule 2, page 2.
2. Following publication and serving of the Notice of Application as required by the Board, no intervenors came forward to participate in the proceeding. Letters of comment were received from the City of Ottawa and Castleglenn Consultants Inc. Only Board Staff participated in the proceeding.

3. Board Staff made submissions supporting the Application which included draft conditions of approval for which it requested comment from Enbridge. Enbridge has reviewed the draft conditions included in Board Staff's submissions and has no objection to such conditions being included in the approval with the exception of proposed Condition 5.2 which Enbridge would suggest should be revised.
4. Enbridge has applied to the Board:
 - (i) Pursuant to section 90 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c-15, Sched. B, for an order granting leave to construct the proposed works; and,
 - (ii) Pursuant to section 97 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c-15, Sched. B, for approval of the form of easement agreement found in Exhibit D, Tab 1, Schedule 3.

Environmental Assessment and Pipeline Design

5. The Preferred Route begins at the Enbridge Richmond Gate Station located on the north side of Fallowfield Road, approximately 2.2 km west of Huntley Road in Goulbourn Township. The Pipeline proceeds north from the Richmond Gate Station through an existing TCPL pipeline easement for approximately 1.4 km to Flewellyn Road where it turns eastward. It continues along Flewellyn Road for 7.3 km to Eagleson Road. At Eagleson Road the route proceeds north for 0.4 km to Hope Side Road. At Hope Side Road the pipeline proceeds east for approximately 2.0 km to Richmond Road. At this point the pipe turns north along Richmond Road for 2.7 km to the intersection of West Hunt Club Road. At West Hunt Club Road the route turns eastwards for approximately

5.0 km to terminate north of the intersection of West Hunt Club Road and Greenbank Road in the City of Ottawa where it will be tied into the existing Enbridge XHP distribution system.

6. The route and location for the proposed Facilities were selected by Dillon Consulting Limited ("**Dillon**"), an independent Environmental Consultant, through the process outlined in the Board's "*Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario*" (Sixth Edition, 2011) (the "**Guideline**").
7. The Environmental Report is found at Exhibit B, Tab 2, Schedule 2 and details the route selection process, the extensive consultation (including aboriginal consultation) efforts and includes an archaeological assessment. At page 109 of the Environmental Report, Dillon concluded:

"Mitigation measures were prescribed to ensure negative impacts to the environment are minimized. The recommendations, in combination with the *Enbridge Construction and Maintenance Manual (2012)*, should effectively serve to protect environmental features along the Preferred Route.....

Dillon does not anticipate any long term impacts from construction and/or operation of the proposed pipeline based on the mitigation measures recommended in this report."
8. Enbridge confirms it will adhere to the recommendations included in the Environmental Report.
9. The design of the Facilities adheres to the requirements of Ontario Regulation 210/01, Oil and Gas Pipeline Systems, under the *Technical Standards and Safety Act, 2000*, S.O. 2000, c. 16 and the CSA Z662-03 Oil and Gas Pipeline Systems Code.

Project Economics

10. The overall feasibility of the project has been determined using the methodology specified in "*Ontario Energy Board Guidelines for Assessing and Reporting on Natural Gas System Expansion in Ontario*" and the EBO 188 Report of the Board" dated January 30, 1998.
11. The economic analysis is performed discounting incremental cash flows using the forecasted customer additions for a 10 year horizon using the feasibility parameters from EB-2011-0051. The Profitability Index ("PI") of 1.02 means that the Project has a positive economic impact over the analytical horizon. Adding a further five years of growth would increase the PI to 1.06.

Land Issues

12. The OEB Act, section 97, see below, requires the Board to approve the form of easement that will be offered to landowners.

97. In an application under section 90, 91 or 92, leave to construct shall not be granted until the applicant satisfies the Board that it has offered or will offer each owner of land affected by the approved route or location an agreement in the form approved by the Board.
13. Enbridge has included a form of easement agreement (Exhibit D, Tab 1, Schedule 3) that would be offered to the landowner in the event an easement became necessary.
14. Enbridge confirms it will obtain the necessary approvals and permits for the construction of the Facilities.

Conditions of Approval

15. Enbridge has reviewed the draft conditions of approval submitted by Board Staff and notes the proposed conditions, with the exception of Draft Condition 5.2, are typical of past Board orders for similar applications. Enbridge has neither comment nor objection to the proposed draft conditions of approval other than Draft Condition 5.2 upon which it would like to make comment.
16. Draft Condition 5.2 provides:

“Enbridge shall delay construction of the section(s) of the pipeline and facilities on the route from the intersection of Eagleson Road and Hope Side Road to Highway 416 that may be impacted by the City of Ottawa’s future road widening until the Corridor EA is completed.”
17. Enbridge understands the proposed condition, and the mandated delay in construction, is intended to ensure future conflicts between the municipal roadwork and the pipeline are avoided and to reduce the cost to ratepayers for the construction of the pipeline. Enbridge agrees these are valid objectives, however, the condition mandates an indefinite delay with an additional forecasted cost of \$750,000.
18. Enbridge has targeted an in-service date of January 2014 (Exhibit A, Tab 3, Schedule 2, page 8). However, Enbridge has developed a contingency plan to accommodate a slight delay given the situation with the City of Ottawa.
19. The pipeline needs to be installed and placed into service prior to the end of 2014 and Enbridge needs to be able to finalize design and construction prior to December 31, 2013. Enbridge cannot delay the pipeline indefinitely.

20. The City of Ottawa and their consultant (AECOM) have estimated that the Corridor EA process would take between 12 and 18 months to complete, but acknowledged that the process could take longer. The City of Ottawa has also stated that a functional design of the road widening, containing the road layout information relevant to Enbridge, would be available in advance of the Corridor EA being completed.
21. As such, in its response to Board Staff Interrogatory 6, (Exhibit G, Tab 1, Schedule 6) Enbridge indicated that under Scenario 1, Enbridge will require that “a commitment in writing from the City confirming that a functional road widening design shall be received by Enbridge prior to December 31, 2013.”
22. Enbridge would also note that it has continued to work with the City of Ottawa in respect of the coordination of the pipeline and the proposed roadwork. After the submissions of responses to the Board Staff interrogatories on October 5, 2012 Enbridge met with the City of Ottawa on October 17, 2012 to better identify specific locations along the road widening corridor where additional depth would be warranted. The discussion revealed that out of the 6km of the proposed pipeline route that coincides with the City of Ottawa’s future road widening plans, it is expected that the cumulative length of the pipeline that will require additional depth will be less than 1.5km. If the length of pipeline requiring additional depth is reduced to 1.5km then Enbridge anticipates a cost for the additional depth of approximately \$660,000.
23. Based upon an expected length of 1.5km which requires additional depth, the mandated delay and the additional depth result in comparable costs.

24. Given the expected costs and their comparability, Enbridge would request the Board not impose Draft Condition 5.2 but provide Enbridge with the discretion to proceed in the manner it determines is appropriate in the circumstances.

25. If however, the Board determines that Draft Condition 5.2 is appropriate, Enbridge would request the following revision:

“For the section of the pipeline between Eagleson Road and Hope Side Road to Highway 416, Enbridge shall delay construction of those segments of the pipeline and facilities which are likely to be impacted by the City of Ottawa’s future road widening being reviewed in the Corridor EA. Enbridge may proceed to construct such segments that would be impacted without further delay if Enbridge has received a functional road widening design or a mutually agreed upon plan from the City of Ottawa prior to December 31, 2013. If Enbridge has not received a functional road widening design or a mutually agreed upon plan from the City of Ottawa by December 31, 2013, Enbridge may proceed to complete the pipeline at the additional depth as determined by Enbridge.”

26. If the revised Draft Condition 5.2 is imposed, depending on when the design or the mutually agreed upon plan is available, Enbridge may end up incurring both remobilization and additional depth costs. Enbridge notes that if it is given the discretion to proceed, Enbridge may end up incurring neither or one of the remobilization or the additional depth costs.

27. The Draft Condition 5.2 did not provide Enbridge with the ability to proceed in certain circumstances to be able to meet the in-service requirements. Therefore, Enbridge submits the deletion or modification of Draft Condition 5.2 is appropriate as it permits Enbridge to complete the construction by the required in-service date and thereby maintain service to its customers.

Conclusion

28. As such, Enbridge submits the proposed Facilities are in the public interest and that there are no outstanding issues.
29. Enbridge requests the Board grant it leave to construct the Facilities and that its form of easement agreement be approved.

DATED October 26, 2012 at Toronto, Ontario.

ENBRIDGE GAS DISTRIBUTION INC.

By its counsel

AIRD & BERLIS LLP

[original signed]

Scott Stoll

EXHIBIT LIST

A – GENERAL

<u>EXHIBIT</u>	<u>TAB</u>	<u>SCHEDULE</u>	<u>DESCRIPTION</u>
A	1	1	Exhibit List
		2	Application
		2	Ontario Pipeline Coordinating Committee ("OPCC") Distribution List
		3	List of Interested Parties
	3	1	Description, History and Operation of Existing System
		2	Purpose, Need, Proposed Facilities and Timing
		3	Growth Forecast
		4	Ottawa Area Gas Distribution System Map
	2	1	Environmental Implementation Plan
		2	<i>Ottawa Reinforcement Project - Environmental and Cumulative Effects Assessment</i> - Dillon Consulting Ltd.

B – ROUTING AND ENVIRONMENTAL

B	1	1	Preferred Route Description
		2	Alternative Route Descriptions
	2	1	Environmental Implementation Plan
		2	<i>Ottawa Reinforcement Project - Environmental and Cumulative Effects Assessment</i> - Dillon Consulting Ltd.
		3	OPCC Review - Confirmation Letter

C – FACILITIES AND PROJECT COSTS

<u>EXHIBIT</u>	<u>TAB</u>	<u>SCHEDULE</u>	<u>DESCRIPTION</u>
C	1	1	Design Specifications -NPS 24
		2	Hydrostatic Test Procedures
	2	1	Total Estimated Project Costs
		2	Proposed Construction Schedule

D – LAND ISSUES

D	1	1	Land Requirements
		2	Permits Required
		3	Negotiations to Date
		4	Affidavit Search of Title

E – ECONOMIC FEASIBILITY

E	1	1	Economic Feasibility
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F- OTHER MATTERS

F	1	1	Aboriginal People Consultation
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G – INTERROGATORY RESPONSES

G	1	1 to 7	Enbridge Responses to Board Staff Interrogatories
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H - SUBMISSIONS

<u>EXHIBIT</u>	<u>TAB</u>	<u>SCHEDULE</u>	<u>DESCRIPTION</u>
H	1	1	Board Staff Submission
	2	1	Enbridge Reply Submission