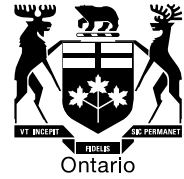


**Ontario Energy  
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**BY E-MAIL**

March 13, 2013

Ontario Energy Board  
P.O. Box 2319  
27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc.  
Innes Road Pipeline Replacement Project  
Board File Number EB-2012-0438**

In accordance with Procedural Order No. 1, please find attached the submissions from Board Staff in the above proceeding.

Yours truly,

*Original signed by*

Josh Wasylyk  
Advisor, Applications & Regulatory Audit

- c. Bonnie Jean Adams, Enbridge Gas Distribution Inc.  
Shari Lynne Spratt, Enbridge Gas Distribution Inc.  
Scott Stoll, Arid & Berlis

## Introduction

Enbridge Gas Distribution Inc. (“Enbridge”) filed an application with the Ontario Energy Board on December 11, 2012 under section 90 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B (“Application”) for an order granting it leave to construct approximately 2.8 km of extra high pressure (“XHP”) steel pipeline and ancillary facilities along Innes Road in the City of Ottawa (the “Proposed Pipeline”). Enbridge plans to start construction of the Proposed Pipeline in May 2013. The proposed in-service date for the pipeline is October 2013.

Board staff supports the application for the reasons set out in the submission below.

## The Proceeding

The Board issued a Notice of Application (“Notice”) dated January 9, 2013. Enbridge served and published the Notice as directed by the Board. There are no intervenors or observers in this proceeding. In accordance with the procedural schedule, Board staff filed interrogatories on February 13, 2013 and Enbridge filed interrogatory responses on February 26, 2013.

## The Need for the Project

As set out in Enbridge’s application, the main driver for the Proposed Pipeline is Enbridge’s need to comply with the requirements of its Integrity Management Program (“IMP”). Enbridge’s IMP was established in response to a Director’s Order by the Technical Standards and Safety Authority (“TSSA”), August 15, 2006 (Ref. No. FS-087-06), which stated that pipeline companies shall develop a pipeline integrity management program for steel pipelines where the Maximum Operating Pressure (“MOP”) has a Specified Minimum Yield Strength (“SMYS”) of 30% or more. Enbridge has created internal processes for upholding its IMP and established a baseline inspection plan for all pipelines operating at an MOP of 30% SMYS or above which requires inspections to be completed by the end of 2013. Enbridge notes that significant portions of the existing NPS 8 XHP main on Innes Road operate at an MOP of 35.9% SMYS. As the Innes Road main operates above 30% SMYS, the line requires an in-line inspection by the end of 2013.

Enbridge noted that in-line inspections are made possible by inserting an in-line inspection tool into the pipeline and allowing the tool to travel, internally, for a prescribed length. However, the existing Innes Road main was not designed to facilitate in-line inspections.

In order to comply with the in-line inspection requirements, Enbridge notes that the pipeline will require a number of retrofits since many of its current fittings and sharp turns will block or hinder the passage of the in-line inspection tool.

Enbridge further notes that the retrofit work will involve a piecemeal replacement of approximately 60% of the existing line (approximately 1.9 km) and that any corrosion or damage found after the in-line inspection will require incremental remediation. Enbridge also notes that since the pipeline will remain operating at above 30% SMYS after completion of this work, it will require in-line inspections and remediation work, on average, every seven years in order to comply with the IMP.

As an alternative to retrofitting the existing line, Enbridge stated that it considered reducing the operating pressure in the existing NPS 8 line to below 30% SMYS. Enbridge notes that this solution was implemented on a temporary basis in the Fall of 2012 and while this solution addresses the requirements for the IMP, the line pressure will need to be increased when temperatures are expected to be below minus 22 degrees Celsius in order to avoid customer outages thereby bringing the line back over 30% SMYS.

Enbridge proposes to replace the existing NPS 8 pipeline with one that can operate at an MOP of under 30% SMYS. Enbridge notes that this would exclude the main from the IMP, thus reducing the operating and maintenance cost of the line.

Enbridge also notes that, by upsizing to NPS 12, a significant network bottleneck would be eliminated from the City of Ottawa's gas network, thereby improving system reliability.

Board staff submits that Enbridge's evidence supports the need for the Proposed Pipeline. Board staff agrees that the existing pipeline requires an in-line inspection under Enbridge's IMP. Board staff also agrees that the potential for increased operating and maintenance costs following a retrofit of the NPS 8 pipeline, the current bottleneck created by the NPS 8 main and the potential safety and reliability concerns are all reasonable and appropriate factors to consider in this application. Board staff agrees that Enbridge should proceed with replacement of the current NPS 8 pipeline on Innes Road with the Proposed Pipeline.

## Project Economics

Enbridge provided estimated costs for the three available permanent solutions which are outlined in the table below.

Option	Costs	Total Costs
Retrofit/ Relocation/ In-line inspection	\$4,228,546 (base costs) + Immediate replacement/repair costs due to features identified by in-line inspection (cost unknown) + \$1,050,000 (in-line inspection cost to be incurred every 7 years for the lifetime of the pipe)	\$5,278,546+
Replacement: NPS 8	\$6,342,898 (replacement costs)	\$6,342,898
Replacement: NPS 12	\$7,243,501	\$7,243,501

In response to Board staff interrogatory #6, Enbridge noted that the primary purpose for the Proposed Pipeline is to comply with the requirements of the TSSA integrity management standards. Enbridge further noted that as the project is primarily driven by integrity and reliability reasons rather than servicing additional growth, an economic feasibility analysis per the Board's E.B.O 188 "*Report to the Board*" dated January 30, 1998 was not provided, but rather the cost comparison set out above.

Board staff submits that the economic comparison of the alternative options provided by Enbridge is appropriate for the Proposed Pipeline. Board staff submits that when the lifetime costs of the retrofit/relocation/in-line inspection options are considered, they appear to be equal to or greater than either of the replacement options. The application indicates that the replacement and repair costs at various points in the existing NPS 8 pipeline will not be known until an in-line inspection is conducted. Furthermore, the existing NPS 8 pipeline will require additional in-line inspection costs to be incurred every 7 years, again increasing the costs of the retrofit option. Board staff believes that there is a good probability that the total cost of the retrofit/replacement/in-line inspection option will be greater than either of the replacement options.

Board staff submits that although the proposed replacement NPS 12 option costs the most out of the alternatives Enbridge has reviewed, the additional costs will allow for

Enbridge to address system bottleneck issues and maintain the ability to provide safe and reliable service to its Ottawa customers. Board staff agrees that the project economics for the replacement NPS 12 option as filed in the Application are reasonable.

### **Environmental Assessment and Pipeline Design**

As set out in the Application, Enbridge is proposing to upsize and replace the existing NPS 8 XHP steel pipeline with approximately 2.8 km of NPS 12 XHP steel pipeline, along Innes Road from St. Laurent Blvd. to Blair Road in Ottawa. The Proposed Pipeline will mostly follow the existing road allowance.

Enbridge notes that the route and location were selected by an independent environmental consultant, Dillon Consulting Limited (“Dillon”), who produced an Environmental Report in compliance with the Board’s *“Environmental Guidelines for Locating, Constructing, and Operation of Hydrocarbon Pipelines and Facilities in Ontario”* (Sixth Edition, 2011).

Enbridge has included an Environmental Implementation Plan in its application that will incorporate recommended mitigation measures for the environmental issues and concerns associated with the proposed works.

Enbridge held a public information session on October 25, 2012 and sought public input during the route selection process and incorporated the comments received into its final route selection decision.

Enbridge indicated that it had informed all relevant and appropriate agencies and stakeholders of the Proposed Pipeline, including Aboriginal groups.

Board staff submits that all appropriate environmental issues and matters pertaining to pipeline design and location have been dealt with appropriately.

### **Land Issues**

The Proposed Pipeline is to be located within public road allowances. In response to Board staff interrogatory #5, Enbridge noted that any temporary working areas will be negotiated and permits submitted once construction drawings are finalized. Enbridge also noted that discussions with the National Capital Commission are ongoing in regard to their requirements for the granting of temporary working areas on their lands. Board staff submits any potential outstanding issues appear to be minimal in nature and that

Enbridge has proposed an appropriate course of action for addressing any issues should they arise.

### **Conditions of Approval**

Board staff interrogatory #7 requested that Enbridge respond to the proposed conditions of approval (attached as Appendix A to these submissions). Enbridge responded that it does not have any concerns or comments and that all conditions set out by the Board will be adhered to.

Board staff submits that with the proposed conditions of approval Board staff supports the request for leave to construct.

### **Conclusion**

Board staff submits that the need for this project has been demonstrated by the applicant. Board staff has no outstanding concerns or issues with the application. Board staff further submits that the proposed conditions of approval be included as part of the Board's order in this matter.

**Appendix A**  
**To**  
**Board Staff Submissions**  
**EB-2012-0438**

**EB-2012-0438**

**Enbridge Gas Distribution Inc.  
Innes Road Pipeline Replacement Project  
Leave to Construct Application**

**Board Staff Proposed Draft**

**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-2012-0438 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 February 1, 2014, 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 shall explain all significant variances from the estimates filed in the 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.