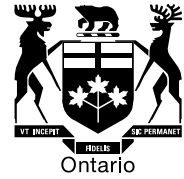


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BY E-MAIL

May 21, 2013

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Walli,

**Re: Enbridge Gas Distribution Inc. – GTA Project (EB-2012-0451)
Union Gas Limited – Parkway West Project (EB-2012-0433) & Brantford-
Kirkwall/Parkway D (EB-2013-0074)**

In accordance with Procedural Order No. 2, please find attached Board Staff Interrogatories in the above proceeding.

As a reminder, responses to interrogatories from both Enbridge Gas Distribution Inc. and Union Gas Limited are due by Friday, June 7, 2013.

Yours truly,

Original signed by

Josh Wasylyk
Advisor, Applications & Regulatory Audit

c. Zora Cronjacki (OEB), Colin Schuch (OEB), Khalil Viraney (OEB), Pascale Duguay (OEB), Karen Hockin (UGL), Shari Lynn Spratt (EGD), All Parties

Encl.

EB-2012-0451 – Enbridge Gas Distribution Inc. GTA Project
EB-2012-0433 – Union Gas Limited Parkway West
EB-2013-0074 – Union Gas Limited Brantford-Kirkwall

Board Staff Interrogatories

Issue: A-1

Are the proposed facilities needed? Considerations may include but are not limited to demand, reliability, security of supply, flexibility, constraints, operational risk, cost savings and diversity as well as the Board's statutory objectives.

A.1 – Staff 1

REF: EB-2012-0451, Overall Proposal
EB-2012-0433, Overall Proposal
EB-2013-0074, Overall Proposal

Preamble

Where applicable, the following questions are to be answered by both Companies separately.

Questions

- a) Please comment on the extent to which TCPL's planned "Energy East Pipeline" (the gas to oil conversion of a portion of TCPL's mainline) has affected, or will affect, should it proceed, the plans for each of the subject applications. Please specifically comment on any timing or scheduling impacts and any impacts to specific forecasts or assumptions underpinning the applications.
- b) To what extent is Spectra Energy Inc.'s planned "Nexus" pipeline relevant to each of the subject OEB applications?
- c) Please provide a map or schematic showing the current situation with respect to gas flowing into, within, and exiting the Province of Ontario. Please indicate what the future gas flows will be, as they are expected post-construction of the subject applications. The objective of the schematic is to show the impact of the subject

projects. Please at a minimum indicate volumes and key points of delivery, import, export, and points of custody transfer. Please show, to the extent possible, the improved supply diversity, flexibility, and reduced upstream supply risk.

- d) Please provide a map showing the existing major gas transmission pipelines in southern Ontario from North Bay southwards. Please indicate compressor stations, looping and pipe size. Please also show the location of the proposed facilities.
- e) Please comment on the impact and implications of the recent National Energy Board TCPL Mainline tolls Decision (RH-003-2011) on the subject applications. Please indicate if there are outstanding items with respect to the implementation of the NEB's Decision that could have material implications for the OEB projects. Please provide details of any such material implications.
- f) Please provide a brief narrative as to how the subject applications meet each of the Board's statutory guiding objectives for gas, as found at Part I General (2) of the *OEB Act, 1998*.
- g) Please provide the annual volumetric forecast of Marcellus and Utica shale gas production expected to enter the Ontario gas market over the next 20 years.
- h) Please provide the annual gas volumes received at Dawn over the past 10 years and the expected volumes over the next 20 years.

A.1 – Staff 2

REF: EB-2012-0433, Section 10, Application Summary, Page 97 of 121
EB-2013-0074, Section 8, Page 8 of 10

Preamble

In the Application Union has proposed to install an LCU compressor with a rating of 44,500 HP. Union has indicated that the capacity created by the proposed compressor will be held in reserve and will not be used to sell additional firm transportation capacity. In case of the Brantford-Kirkwall pipeline, Union has proposed to add another Parkway D compressor at the Parkway West Compressor Station site. In other words, Union has

proposed to add two compressors at Parkway West which will amount to a total of four compressors at Parkway West.

Questions

- a) Has Union performed a need analysis taking into account both projects to determine if two compressors of the specific horsepower are required? If “Yes”, please provide details. If “No”, please explain why.
- b) Union has indicated that the LCU compressor will be held in reserve. Does this mean that at any point in time only three compressors will be operational and one compressor will be idle? Please provide a detailed response.
- c) If Union intends to operate all four compressors, please explain how additional transportation capacity will not be added.

A.1 – Staff 3

REF: EB-2013-0074, Section 4 – Changing North American Natural Gas Supply Dynamics, page 4 of 9, Line 2-5

Preamble

Union discusses several predictions related to the production of WCSB supply.

Questions

- a) Please provide the reports and/or studies that Union has relied on when analyzing the effects of WCSB supply forecasts.
- b) Please discuss how long Union can continue to receive its natural gas supply from the WCSB if the Board were to reject Union’s proposals.

A.1 – Staff 4

REF: EB-2013-0074, Section 11, Pages 5, 11, and 12

Preamble

Union has indicated that the proposed Union facilities and those that will be built by TCPL and Enbridge will provide more supply options to Union's franchise area in the north. Union has further indicated that greater diversity of supply in the north will reduce the proportion of gas supply from Western Canada to about 55% from the current 95%.

Questions

- a) Will this change occur in the first year of service or does Union expect a gradual change in the supply portfolio. Please provide details.

A.1 – Staff 5

REF: EB-2013-0074, Section 4 – Changing North American Natural Gas Supply Dynamics, Page 7 of 9, Lines 16 – 22

Preamble

Union discusses the benefits that Marcellus and Utica shale gas can offer Ontario consumers.

Questions

- a) If the forecasted natural gas supply from Marcellus and Utica shale basins are 50% of what has been projected, how will this affect the efficiency and economic feasibility of the proposed facilities?
- b) Please discuss any reports and/or forecasts related to the long-term viability and production of natural gas from both the Marcellus and Utica basins.

A.1 – Staff 6

REF: EB-2013-0074, Section 7 – New Dawn-Parkway System Demands, Page 8 of 14, Lines 9-11

Preamble

Union notes that the reverse open season bids will be awarded once all shipper and Union conditions precedent have been waived or satisfied in binding transportation agreements, with the exception of Union placing the facilities into service.

Questions

- a) Please discuss when Union expects all shipper and Union conditions precedents to be waived or satisfied.

A.1 – Staff 7

**REF: EB-2012-0451, Pipeline Proposal
EB-2013-0074, Section 7 – New Dawn-Parkway System Demands, Page 10
of 14, Lines 13-14**

Preamble

Union notes that it entered into a TCPL open season for transportation starting November 1, 2014 to support natural gas deliveries to Union North. However, in September 2012, Union was informed by TCPL that the incremental capacity to serve the TCPL open season bids would not be available for November 1, 2014 as provided in the open season but rather it would be available November 1, 2015. Union notes that it is expecting TCPL to expand capacity between Parkway and Maple to serve this incremental interest.

Questions

- a) To what extent are the subject OEB applications dependent on any TCPL facilities expansions, such as the Parkway to Maple Expansion Project noted above? Please explain how any delays in TCPL's facilities expansions will affect the Union and Enbridge proposals?
- b) Please discuss the potential risks of a further delay of incremental capacity from TCPL past November 1, 2015.
- c) Please discuss Union's plans to mitigate any risks from a further delay.
- d) Please discuss the potential effects of TCPL not expanding capacity between Parkway and Maple to serve the incremental interest.

A.1 – Staff 8

REF: EB-2013-0074, Section 8 – Proposed Facilities, General Questions

Questions

- a) Please discuss the effects of either the Board rejecting Enbridge's proposed GTA Project facilities and/or TCPL's system expansion projects not proceeding.
- b) In the event that Enbridge's GTA Project is denied and/or TCPL's system expansion does not proceed please discuss if Union will still require the facilities it has requested in this application in order to adequately serve its in-franchise and ex-franchise customers. Please discuss if the project would be scaled back with regard to pipeline size, contract length, compressor size, etc.

A.1 – Staff 9

REF: EB-2013-0074, Section 8 – Proposed Facilities, Page 4 & 5 of 10 & Figure 8-1

Preamble

Union has provided forecasted system demands for 2014/2015.

Figure 8-1

2014/2015 System Demand	6,643,094 GJ/d
in-franchise Demand Increase	70,157 GJ/d
Transportation Services Demand Increase	657,784 GJ/d
Dawn-Parkway and Dawn-Kirkwall Turn back	-217,532 GJ/d
2015/2016 System Demand	7,153,503 GJ/d
Total Demand Change	510,409 GJ/d

Questions

- a) Please discuss Union's forecasted system demands over the next 10 years and how these demands will be met if an increase over 2014/2015 levels is forecasted.

- b) Please discuss if Union has explored alternative pipeline and facilities requirements that are larger than what has been requested in this application?

A.1 – Staff 10

REF: EB-2013-0074, Section 8 – Proposed Facilities, Page 5 of 10, Figure 8-2

Preamble

Union has noted that it has experienced significant turn back of capacity since 2011.

Figure 8-2

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
in-franchise Demand Change	35,632	-33,258	-9,089	-1,711	70,157
ex-franchise Growth	211,548	386,819	0	8,100	657,784
ex-franchise Parkway Turn back	0	0	-75,067	0	-22,000
ex-franchise Kirkwall Turn back	-317,000	-375,188	-186,564	-37,262	-195,532
Total Demand Change	-69,820	-21,627	-270,720	-30,873	510,409

Questions

- a) Please discuss the main drivers for the large increase in in-franchise and ex-franchise growth in 2015-16.
- b) Please discuss the causes or factors contributing to the significant turn back of capacity for both the ex-franchise Parkway and ex-franchise Kirkwall.
- c) Please discuss if Union expects to continue to witness significant turn back capacities in the future.

Issue: A-2

Do the proposed facilities meet the Board's economic tests as outlined in the Filing Guidelines on the Economic Tests for Transmission Pipeline Applications, dated February 21, 2013 and E.B.O. 188 as applicable?

A.2 – Staff 11

REF: EB-2012-0451, Exhibit A, Tab 3, Schedule 5, Page 21 of 26, Expected Gas Supply Benefits Update

Preamble

The evidence states that the TCPL tolls used in the gas supply benefits calculations are based on TCPL's Restructuring Proposal as filed by TCPL on June 29, 2012 in the NEB RH-003-2011 proceeding.

Questions

- a) To what extent would the gas supply benefits change if the NEB's March 27, 2013 Decision on Tolls in proceeding RH-003-2011 is used? Please provide a re-run gas supply benefits model, with a summary of the relevant results, using the NEB's Mainline tolls Decision. Please summarize the differences.

A.2 – Staff 12

**REF: EB-2012-0451, Overall Proposal
EB-2012-0433, Overall Proposal
EB-2013-0074, Overall Proposal**

Questions

- a) Does the GTA Project propose to move gas with a destination outside of the Enbridge franchise or are all volumes intended to serve only in-franchise customer requirements? Please explain.
- b) With respect to EBO 134, please provide a summary assessment of the impacts of the GTA and Union projects, on the existing transportation infrastructure in Ontario and the impacts on Ontario customers in terms of costs, rates, reliability, and access to supplies.

Issue: A-3

Are the costs of the facilities and the rate impacts to customers appropriate?

A.3 – Staff 13

REF: EB-2012-0451, Overall Proposal

EB-2012-0433, Overall Proposal

EB-2013-0074, Overall Proposal

Preamble

Where applicable, the following questions are to be answered by both Companies separately.

Questions

- a) Please summarize the rate and bill impacts of the GTA Project on Enbridge's rate classes. Please separately summarize the rate and bill impacts of the two Union Projects on Enbridge's rate classes. Please provide a 5-year projection that shows the impacts of the GTA and Union Projects on the overall customer bill, and the delivery rates, transportation rates and load balancing rates.
- b) Please provide an assessment of the impact on Enbridge's and Union's transactional services business of the subject applications.
- c) Please provide an overview of the procurement and tendering process at Enbridge and Union for the services and assets required for the GTA Project and the Union projects. Please explain how gas customers, stakeholders and shareholders can be assured that they are getting the best possible value for money from the procurement process.
- d) Please describe how the projects are financed to completion. Please include a discussion of financial support timing and any interim financing, debt issuances, relevant interest rates, debt servicing costs and interest during construction. How and when will the projects close to Rate Base for each company?

- e) With respect to the volume forecast underpinning Enbridge's need, to what extent is the downtown Toronto residential condominium development, current and proposed, driving the need? Please discuss.
- f) For large capital projects \$50 million and over, what is Enbridge and Union's 10-year track record on estimated vs. actual project costs? Were they over or under budget? Were they completed per planned date, or not? Please list each project \$50 million and over. What are the main areas of divergence in the actual vs. estimated costs and what are the main areas of risk in estimating costs?

A.3 – Staff 14

REF: EB-2012-0451, Exhibit E, Tab 1, Schedule 1, Page 3 of 9

Preamble

This section speaks specifically to Enbridge's Exhibit E on Project Benefits and Economics.

Questions

- a) Please run the Economic Feasibility model under the assumption that there are no transportation savings – i.e. that the transportation costs remain the same over the DCF period as they are today.
- b) Please run the Economic Feasibility model under the assumption that the transportation savings are only one-half the amount assumed in the Base case DCF.
- c) Please run the Economic Feasibility model under the assumption that the NEB's toll decision RH-003-2011 is implemented as in the NEB's March 27, 2013 Decision.
- d) Please run the Economic Feasibility under the assumption that the Shared Pipeline arrangement with TCPL does not proceed.

- e) Please display a summary of the results above relative to the Base Case (i.e. the applied-for DCF).

A.3 – Staff 15

REF: EB-2012-0451, Exhibit E, Tab 1, Schedule 1, Page 6 of 9, par. 19

Preamble

This section speaks specifically to Enbridge's Exhibit E concerning Project Benefits and Economics. In paragraph 19, Enbridge states that the GTA project will permit approximately 14,000 new residential customers each year.

Questions

- a) How many residential customer additions on average have been added in the last 10 years in the GTA area?
- b) Will the GTA Project permit additional gas customers in other delivery areas such as Ottawa and Niagara? Please provide details.
- c) How does the GTA Project take account of expected franchise growth in areas outside of the GTA influence area?

A.3 – Staff 16

REF: EB-2012-0451, Exhibit E, Tab 1, Schedule 1, Attachment Page 1 of 5

Preamble

This section speaks specifically to Enbridge's Exhibit E on Project Benefits and Economics. This attachment provides the feasibility parameters.

Questions

- a) How is the discount rate of 5.88% derived? How does this compare with the Company's 2013 regulated Cost of Capital?

- b) With respect to the annual volumes assumed (line 7), how is declining average use taken into account in the 40-year time horizon of the Economic Feasibility

A.3 – Staff 17

REF: EB-2012-0433, Schedule B, Page 1 of 3

Preamble

In the Application, Union has estimated the total cost of the project to be \$203 million. On page 1 of Schedule B, Union has indicated that Enbridge Gas Distribution and Gaz Metro will bear most of the cost of the proposed facilities.

Questions

- a) Please provide the costs that each party (Enbridge and Gaz Metro) will bear for this facility.

A.3 – Staff 18

REF: EB-2013-0074, Section 7 – New Dawn-Parkway System Demands, Page 14 of 14, Lines 9-19

Preamble

Union notes that although it expects future growth opportunities on the Dawn-Parkway System, it is also faced with trying to manage significant turn back risk with the greatest risk of turn back beginning in 2016. Union will attempt to re-sell or re-purpose turn back capacity. In the event that Union is unable to fully mitigate this risk, it may apply to the Board for a deferral account to capture the lost revenue as a result of turn back for the cost of the unused capacity.

Questions

- a) Please provide forecasts for the possible rate impacts on all rate classes that would result from the lost revenues Union would incur if it is not able to re-sell or re-purpose turn back capacity.

A.3 – Staff 19

REF: EB-2013-0074, Section 9 - Project Costs, Economics and Benefits, Page 5 of 11, Lines 17-19

Preamble

Union notes that a Stage 2 sensitivity analysis of the project that does not include gas cost savings was not completed because under that scenario the proposed facilities would be used to serve Union's ex-franchise customers only.

Questions

- a) Please discuss if there is any incremental in-franchise requirements that will be met by the proposed Brantford-Kirkwall facilities.
- b) If there are no gas cost savings and the proposed facilities are only used to serve ex-franchise customers, please discuss how Union's in-franchise customers will be served.
- c) Please discuss the rate impacts of the proposed facilities for both Union's in-franchise customers and ex-franchise customers if there are no gas cost savings and the proposed facilities are only used to serve Union's ex-franchise customers.

A.3 – Staff 20

REF: EB-2013-0074, Section 9 - Project Costs, Economics and Benefits, Page 4 of 11, Lines 5-10

Preamble

Union notes that incremental cash inflows have been estimated based on both revenues from incremental M12 transportation service demands and anticipated gas supply cost savings realized from Contracts with TCPL proposed to serve existing Union EDA and Union NDA in-franchise markets from Dawn.

Questions

- a) Please discuss the status of these contracts.

A.3 – Staff 21

REF: EB-2013-0074, Section 9 - Project Costs, Economics and Benefits, Page 9 of 11, Lines 11-19

Preamble

Union projects that annual savings are estimated to be up to \$51 million and \$120 million for Enbridge and Gaz Metro customers and when combined with the gas cost savings of up to \$28 million for Union North customers, savings for Ontario and Quebec energy consumers totals approximately \$200 million per year, or \$2.0 billion between 2015 and 2025.

Questions

- a) Please provide the data and underlying assumptions that the estimated annual savings noted above are based on.

Issue: A-4

What are the alternatives to the proposed facilities? Are any alternatives to the proposed facilities preferable to the proposed facilities?

A.4 – Staff 22

**REF: EB-2012-0433, Section 9, Application Summary, Page 80 of 121 and
Schedule 11-1, Page 1
EB-2013-0074, Section 8, Page 9 of 10**

Preamble

Union has provided a breakdown of the cost with respect to the Loss of Critical Unit (“LCU”) compressor. The materials, building and equipment are estimated at \$34 million. Union has indicated that it has had discussions with TCPL to discuss the possibility of purchasing a used compressor. Similarly, in case of the Brantford-Kirkwall/Parkway D project, Union is discussing the potential of purchasing and installing a used compressor unit from TCPL.

Questions

- a) Is Union open to purchasing and installing two used compressors for the above two projects?
- b) Has Union identified a specific used compressor or compressors from TCPL that it would be interested in purchasing?
- c) If the answer to (a) is yes, what is the cost of the used compressor and what is the cost difference as compared to the compressor cost in the Application?
- d) Has Union approached other companies to purchase used compressors? If it has, please provide details.
- e) If Union purchases a used compressor, what other costs would need to be taken into account (moving costs, refurbishment, etc.)?

A.4 – Staff 23

REF: EB-2012-0433, Section 10, Pages 82-95
EB-2013-0074, Section 8, Pages 7-10

Preamble

Union has discussed alternatives in its applications for both projects, Parkway West and Kirkwall-Brantford.

Questions

- a) Did Union consider any alternatives to both projects on a combined basis? If “No”, why not?
- b) Union proposes to install two compressors at Parkway West as part of the two projects. Has Union considered the possibility of installing just one additional compressor and obtaining additional gas supplies from other sources if required?
- c) Please explain some of the additional costs of adding an LCU, apart from the capital cost (higher operating expenses, running the LCU even if not required etc.). Please provide the additional costs.

Issue: B-5

Should pre-approval to recover the cost consequences of the proposed facilities be granted?

B.5 – Staff 24

Ref: EB-2012-0433, Section 1, Application Summary, Pages 4 and 5 of 121

Preamble

In the Application, Union is seeking an order from the Board, pursuant to Section 36 of the Act, for pre-approval of recovery of the cost consequences of all facilities associated with the development of the project from ratepayers. Union has proposed to build the first full year revenue requirement associated with developing Parkway West into in-franchise delivery rates and ex-franchise delivery rates and ex-franchise transportation rates based on the cost estimates included in this Application, effective January 1, 2016.

Questions

- a) Is Union seeking a rate order in this Application to recover the revenue requirement or will it make a separate application seeking a rate order prior to January 1, 2016? If Union is not seeking a rate order in this proceeding, exactly what approval is Union seeking?

Issue: B-6

If the Board approves the proposed facilities, what conditions, if any, are appropriate?

B.6 – Staff 25

REF: EB-2012-0433, Application, Page 1, paragraph 2; and, Page 2, paragraph 3

Preamble:

Union applied for two Board orders for leave to construct facilities: one under Section 90 and the other under Section 91 of the OEB Act.

Under section 90, Union applied for a Board Order approving construction of 750 meters of NPS42 pipeline.

Questions:

- a) Please comment on the attached Board staff proposed draft conditions of approval for section 90 order. Please note that these conditions are standard conditions and are a draft version subject to additions or changes.

Union Gas Limited
Leave to Construct Application under section 90 of OEB Act
EB-2012-0433
Board Staff Proposed Draft
Conditions of Approval

1 General Requirements

- 1.1 Union Gas Limited ("Union") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2012-0433 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, 2014, unless construction has commenced prior to that date.
- 1.3 Union shall implement all the recommendations of the Environmental Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee ("OPCC") review.
- 1.4 Union shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Union 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, Union 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 Union 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. Union 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 Union 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 Union 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 Union 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 Union 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, Union 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. Union 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 Union'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 Other Approvals

- 4.1 Union 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.

B.6 – Staff 26

REF: EB-2012-0433, Application, Page 1, paragraph 2; and, Page 2, paragraph 3

Preamble:

Union applied for two Board orders for leave to construct facilities-under section 90 and under section 91 of the OEB Act.

Under section 91, Union applied for a Board Order that would approve the construction of connection to Union's Dawn-Parkway system to flow gas to the proposed Parkway West site, measurement and control station connecting to Enbridge pipeline system,

loss of critical unit compressor and general infrastructure necessary to construct and operate Parkway West site.

Questions:

- a) Please comment on the attached Board staff proposed draft conditions of approval and for section 91 order. Please note that these conditions are standard conditions and are a draft version subject to additions or changes.

Union Gas Limited
Leave to Construct Application under section 91 of OEB Act
EB-2012-0433
Board Staff Proposed Draft
Conditions of Approval

1 General Requirements

- 1.1 Union Gas Limited ("Union") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2012-0433 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, 2014, unless construction has commenced prior to that date.
- 1.3 Union shall implement all the recommendations of the Environmental Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee ("OPCC") review.
- 1.4 Union shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Union 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, Union 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 Union 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. Union 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 Union 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 Union 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 Union 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 Union 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, Union 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. Union 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 Union'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 Other Approvals

- 4.1 Union 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.

Issue: C-1

Do the facilities address the OEB Environmental Guidelines for Hydrocarbon Pipelines as applicable?

C.1 – Staff 27

REF: EB-2013-0074, Section 12, page 16, Cultural Heritage

Preamble:

An archaeological assessment will be completed by a licensed archaeological firm along the pipeline route and at the Parkway West Compressor Station, as recommended in each Environmental Report. Union proposes to complete the archaeological assessment during the 2013 and 2014 field season.

Questions:

- a) Please confirm that Union would apprise impacted parties, including the City of Hamilton and any impacted Aboriginal communities of any archaeological sites discovered by the planned archaeological survey along the route of the proposed pipeline.

C.1 – Staff 28

REF: EB-2013-0074, Section 12, Schedule 12-4, Environmental Report Addendum – Brantford Take-off to Kirkwall Valve Site Pipeline Project, Section 7.5 Permits Required

Preamble:

The Environmental Report stated that Union should obtain permits and approvals for construction of the project from Federal and Provincial levels of Government, and the Conservation Authorities.

Questions:

- a) Please provide the status and anticipated timeline for obtaining the necessary permits for location and construction of the project.
- b) Please provide an updated list of all permits that have been obtained or will be acquired for the construction of the project.

C.1 – Staff 29

REF: EB-2013-0074, Section 12, Schedule 12-4, Environmental Report Addendum – Brantford Take-off to Kirkwall Valve Site Pipeline Project, Appendix A3- Brantford to Kirkwall Comment-Response Table

Preamble:

A Route Selection and Environmental Impact Assessment Report ("ER") for the Proposed Pipeline was originally completed in January, 2009 by Stantec Consulting Limited and updated in 2012 as an Addendum to the ER.

Questions:

- a) Please file an up-to-date summary table and copies of documentation with comments received from landowners, the OPCC and any other party to date.
- b) Please include a description on how Union plans to address any outstanding issues or concerns raised in the project public consultation process.

Issue: C-2

Are there any outstanding landowner matters for the proposed facilities' routing and construction? For greater clarity, landowners include parties from whom permits, crossing agreements and other approvals are required.

C.2 – Staff 30

REF: EB-2013-0074, Section 12, pages 20-22 Proposed Pipeline Easement Requirements and Section 12, Schedule 12-10

Preamble:

Union will require approximately 36.18 hectares (89.40 acres) of permanent easement for the Proposed Brantford-Kirkwall Pipeline. Union will also require approximately 25.58 hectares (63.21 acres) of temporary easement for construction and top soil storage purposes. Union's form of easement is attached as Schedule 12-10.

Pursuant to section 97 of the OEB Act the applicant "has offered or will offer to each owner of land affected by the approved route or location an agreement in a form approved by the Board.

Union will commence easement negotiations with individual Landowners in spring of 2013.

Questions:

- a) Please confirm that the form of the easement agreement provided in the evidence has been offered or will be offered to all of the private landowners from whom the easements are required.
- b) Regarding the negotiations for permanent and temporary easements please indicate the status of negotiations and anticipated timeline for obtaining required land rights for project location and construction.
- c) Please file updates of any communication with the potentially impacted landowners and Union's responses since the application was filed with the Board.

Issue: C-3

Are the proposed facilities designed in accordance with current technical and safety requirements?

C.3 – Staff 31

REF: EB-2013-0074, Section 12, pages 2-4, Design; and, Section 12, pages 4-6, Specifications

Preamble:

Pre-filed evidence describes the requirements and states Union's adherence to the pipe design and specifications to these requirements.

Questions:

- a) Please file a copy of correspondence from the TSSA which confirms that the TSSA has reviewed the design and pipe specifications for the proposed project and that it has no outstanding concerns regarding Union's compliance with pipeline design, technical and safety requirements under TSSA's jurisdiction.

Issue: C-4

Has there been adequate consultation with any affected First Nations or Metis communities?

C.4 – Staff 32

REF: EB-2013-0074, Section 12, Page 24, Figure 12-6, First Nations and Metis Consultations

Preamble:

Figure 12-6 lists all the First Nations and Metis communities that were notified of the project in the summer of 2012.

Questions:

- a) What responses did Union receive from the notified communities to date?
- b) For those that did not reply to the initial notification, what follow-up attempts were made by Union? Please explain the follow-up approach Union undertook.

C.4 – Staff 33

REF: EB-2013-0074, Section 12, Page 23-26, First Nation and Metis Consultations

Preamble:

As a result of initial notification with affected First Nations or Metis communities, the Grand River First Nation, and Haudenosaunee Confederacy Chiefs Council requested that Union conduct formal consultations and/or engagement meetings.

Questions:

- a) Please provide a status update and anticipated timeline for next steps on consultations with these First Nations with respect to the project.
- b) Please describe how Union will conduct the consultation with those First Nations or Metis communities that did not request formal consultation if there are any outstanding concerns indicated by these communities.
- c) Identify any specific issues or concerns that have been raised with respect of the project and, where applicable, how those issues or concerns will be mitigated or accommodated.

- d) Provide details of any know Crown involvement in consultations with affected First Nations or Metis communities in respect of the applied-for project.
- e) Explain whether any of the concerns raised by affected First Nations or Metis communities have been discussed with any government department or agencies, and if so, identify when contacts were made and who was contacted.

Issue: C-5

Should the request for pre-approval to recover the cost consequences of the proposed facilities be granted?

C.5 – Staff 34

**REF: EB-2013-0074, Executive Summary, Pages 1-2 of 4
EB-2013-0074, Section 10, Page 10 of 11**

Preamble

Union is seeking an order from the Board, pursuant to Section 36 of the Act, for pre-approval of recovery of the cost consequences of all facilities associated with the development of the project from ratepayers. Union is also seeking pre-approval of recovery of the cost consequences of two long term short haul transportation contracts on the TCPL Mainline from ratepayers.

Union notes that in order to align with an anticipated 2014 to 2018 Incentive Regulation term, it proposes to adjust in-franchise and ex-franchise rates on an annual basis from 2015 to 2018 in order to recover the estimated annual costs associated with the Project.

Questions

- a) Please discuss the rationale for entering into long-term transportation contracts rather than short-term contracts.
- b) Is Union seeking a rate order in this Application to recover the revenue requirement?

- c) If the answer to (a) is no, please discuss when Union will make a separate application seeking a rate order and what the requested effective date of that rate order will be.

C.5 – Staff 35

REF: EB-2013-0074, Section 10 – Pre-approval of the Cost Consequences of the Brantford-Kirkwall Pipeline and Parkway D Compressor Facilities, Page 3 of 11, Lines 11-12

Preamble

Union notes that the ex-franchise customers who will pay for the majority of the proposed pipeline and facilities are supportive.

Questions

- a) Please provide documentation supporting the statement above.

C.5 – Staff 36

REF: EB-2013-0074, Section 10 – Pre-approval of the Cost Consequences of the Brantford-Kirkwall Pipeline and Parkway D Compressor Facilities, Page 4 of 11, Lines 7-10

Preamble

Union notes that a delay in the construction of the Proposed Parkway D Compressor facilities could arise if there is a delay by either Enbridge or TCPL in constructing their proposed facilities downstream of Parkway in order to provide new transportation capacity through to Maple.

Questions

- a) Please provide more details on how much of a delay in construction of the proposed Parkway D Compressor would be experienced if:
- i. Enbridge's project is delayed by a year.
 - ii. TCPL's project is delayed by a year.
 - iii. Both Enbridge and TCPL's projects are delayed by a year.

- b) Discuss the impacts of a delay to the Parkway D Compressor on the in-service date of the Brantford-Kirkwall pipeline.

C.5 – Staff 37

REF: EB-2013-0074, Section 10 – Pre-approval of the Cost Consequences of the Brantford-Kirkwall Pipeline and Parkway D Compressor Facilities, Page 5 of 11, Lines 18-19

Preamble

Union notes that it is not proposing any changes to the allocation methodology of the Dawn-Parkway transmission costs as a result of the Project.

Questions

- a) Please discuss if Union is proposing any changes to the allocation methodology of the delivery costs as a result of the Project.
- b) Please provide all relevant documentation regarding any changes to the allocation of delivery costs as a result of the Project, if any.

Issue C-6:

Should pre-approval of the cost consequences of two long term transportation contracts be granted?

C.6 – Staff 38

REF: EB-2013-0074, Section 11 – Pre-Approval of the Cost Consequences of Two Long-Term Transportation Contracts, Page 18-19 of 53, lines 21, 1-3

Preamble

Union suggests that the Board review and approve the cost consequences of the Contracts in the context of Union's facilities applications which they support.

Questions

- a) Please discuss whether Union will still be able to efficiently and economically utilize the proposed capacity under the Contracts if the proposed Brantford-Kirkwall facilities are not approved.
- b) Please discuss the effects of a Board decision to not provide pre-approval of the cost consequences for the Contracts, but approve the Brantford-Kirkwall facilities.
- c) Please discuss how a decision of the Board to not approve the EGD GTA Project would affect the economic viability of the proposed facilities.

C.6 – Staff 39

REF: EB-2013-0074, Section 11 – Pre-Approval of the Cost Consequences of Two Long-Term Transportation Contracts, Page 21 of 53, Lines 6-10

Preamble

Union notes that Marcellus shale production has increased nearly 7 PJ/d since the beginning of 2007 and that supplies from this area are expected to more than triple by 2035.

Questions

- a) Please provide reference to the documentation that supports this statement.
- b) Please discuss the current level of supply from both Marcellus and Utica that Union currently uses to serve either its in-franchise and/or its ex-franchise customers.
- c) Please discuss Union's understanding of pipeline capacity from Marcellus and Utica to serve Ontario and Eastern markets between now and 2035.

C.6 – Staff 40

REF: EB-2013-0074, Section 11 – Pre-Approval of the Cost Consequences of Two Long-Term Transportation Contracts, Page 37 of 53, Lines 9-17

Preamble

Union notes that certain contracts and services that it will be de-contracting with TCPL have expiry dates of December 31, 2015 which are not aligned with the November 1, 2015 implementation date of the new contracts discussed in this application. Union notes that the potential overlap could result in additional transportation demand charges of up to \$1.8 million.

Questions

- a) Please provide a status update of Union's discussion with TCPL on aligning the contract dates. Within your response, please discuss how Union proposes to mitigate unnecessary demand charges so that its customers are not adversely affected.

C.6 – Staff 41

REF: EB-2013-0074, Section 11 – Pre-Approval of the Cost Consequences of Two Long-Term Transportation Contracts, Page 39 of 53, Lines 19-22

Preamble

Based on proposed 2014 TCPL tolls as revised June 29, 2012, Union estimates the potential TCPL toll impact could decrease Union North customer savings by approximately \$1.6 million per year. In addition, Union South customers could experience a toll increase on the TCPL Empress to Union CDA contract of \$0.9 million per year.

Questions

- a) Please update the estimated potential TCPL toll impacts on Union North and Union South customers using the National Energy Board's, March 2013 Decision in RH-003-2011 that addressed TCPL Mainline Final Tolls for 2012 and 2013.
- b) Please discuss what volumes these estimated toll impacts are based on and the accuracy of these estimates.

- c) Please discuss the added impacts of other customers de-contracting supply from TCPL and the effects this would have on the estimated gas cost savings discussed within the application (approximately \$18 million).
- d) Please discuss how high TCPL tolls would need to rise for no gas cost saving to be realized and how this price compares with historical toll prices.

Issue: C-7

If the Board approves the proposed facilities, what conditions, if any, are appropriate?

C.7 – Staff 42

Questions

- a) Please comment on the attached Board staff proposed draft conditions of approval. Please note that these conditions are standard conditions and are a draft version and subject to additions or changes.

**Union Gas Limited
Leave to Construct Application
EB-2013-0074
Board Staff Proposed Draft
Conditions of Approval**

1 General Requirements

- 1.1 Union Gas Limited (“Union”) shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2013-0074 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, 2014, unless construction has commenced prior to that date.

- 1.3 Union shall implement all the recommendations of the Environmental Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee ("OPCC") review.
- 1.4 Union shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Union 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, Union 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 Union 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. Union 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 Union 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 Union 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 Union 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 Union 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, Union 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. Union 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 Union'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 Other Approvals

- 4.1 Union 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.

Issue: D-1

Do the facilities address the OEB Environmental Guidelines for Hydrocarbon Pipelines as applicable?

D.1 – Staff 43

REF: EB-2012-0451, Exhibit A, Tab 2, Schedule 1, Page 2, Leave to Construct Application

Preamble:

On February 12, 2013, Enbridge provided updates to its original application including modifications to segment A.

Question:

- a) Please confirm that Enbridge has filed or will be filed any updates to the Environmental Report due to modifications of the proposed route for section A.

Issue: D-2

Are there any outstanding landowner matters for the proposed facilities' routing and construction? For greater clarity, landowners include parties from whom permits, crossing agreements and other approvals are required.

D.2 – Staff 44

REF: EB-2012-0451, Exhibit D, Tab 1, Schedule 1, Page 1, Land Requirements and Schedule 2, Attachments

Preamble:

For the segment A of the proposed pipeline Enbridge will require easements from Hydro One, Infrastructure Ontario, Toronto and Region Conservation Authority, and five private land owners. Along segment B Enbridge will need easements from Infrastructure Ontario, Hydro One and ten private land owners.

Question:

- a) Please confirm that the form of the Agreement to Grant Easement, a Standard Easement Agreement, and the Working Area Agreement provided in the application has been offered or will be offered to all of the private landowners from whom the easements are required.

D.2 – Staff 45

REF: EB-2012-0451, Exhibit D, Tab 1, Schedule 2, Negotiations to Date

Preamble:

Pre-filed evidence indicates that Enbridge initiated negotiations with all affected landowners and that Enbridge would obtain all required Permits, Agreement to Grant Easements, Easements and Working Area Agreements, as required, for the routes and locations of the proposed pipelines and facilities required for construction.

Question:

- a) Please discuss the status and the anticipated timeline for closing negotiations with affected landowners to obtain necessary land rights and permits?

Issue: D-3

Are the proposed facilities designed in accordance with current technical and safety requirements?

D.3 – Staff 46

- a) Please file a copy of correspondence with the TSSA which confirms that the TSSA has reviewed the design and pipe specifications for the Project and that it has no outstanding concerns regarding Enbridge's compliance with pipeline design, technical and safety requirements under TSSA's jurisdiction.

Issue: D-4

Has there been adequate consultation with any affected First Nations or Metis communities?

D.4 – Staff 47

REF: EB-2012-0451, Exhibit F, Tab 1, Schedule 1, Pages 1-4, Aboriginal Peoples Consultation

Preamble:

The pre-filed evidence indicates that Dillon Consulting Limited conducted consultation with First Nations, Métis, and related agencies in a manner consistent with the Ontario Energy Board's *"Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario"* (Sixth Edition, 2011).

Questions:

Please provide a status update on consultations with First Nations or Metis communities with regard to the following points:

- a) Provide relevant information gathered from or about the Aboriginal groups as to their treaty rights, any filed and outstanding claims or litigation concerning their treaty rights, treaty land entitlement or aboriginal title or rights, which may potentially be impacted by the project.
- b) Identify any specific issues or concerns that have been raised by First Nations or Metis communities in respect of the project and, where applicable, how those issues or concerns will be mitigated or accommodated.
- c) Explain whether any of the concerns raised by First Nations or Metis communities with respect to the applied-for project have been discussed with any government department or agencies, and if so, identify when contacts were made and who was contacted.
- d) Provide details of any know Crown involvement in consultations with First Nations or Metis communities in respect of the applied-for project.

Issue: D-5

Should approval of Enbridge's proposed rate methodology for the service to be provided to TransCanada be granted?

D.5 – Staff 48

REF: Exhibit A, Tab 2, Schedule 1, Page 5 of 12, par 11, LTC Application

Preamble

Enbridge discusses here the possibility of Segment A being NPS 36 or NPS 42, which cannot be confirmed at this time. Enbridge mentions that it will file an update to the evidence to reflect such change.

Questions

- a) Please provide a complete list of the potential evidence updates known to Enbridge at this time, a brief description of each, and an estimate of the timing of such updates.

D.5 – Staff 49

REF: Exhibit E, Tab 1, Schedule 2, Arrangement with TransCanada

Preamble

Enbridge discusses here the arrangement with TransCanada for the Shared Pipeline. The evidence refers to a 15-year term contract with TransCanada for transportation services (the Transportation Service Agreement or TSA).

Questions

- a) In paragraph 2, Enbridge states that “for cost allocation purposes, Enbridge will retain 800,000 GJ (40%) of the design capacity and will assign the remainder of the design capacity (1,200,000 GJ or 60%) to TransCanada.” Is the 60% ratio reflective of the daily contractual entitlement that TransCanada would have on the Shared Pipeline?
- b) Enbridge is proposing to treat the Shared Pipeline as a stand-alone cost item. Please provide the revenue requirement that would be allocated to Rate 332 were Enbridge to use a more “traditional approach” and use its cost allocation study underpinning its 2013 Board-approved rates to allocate the incremental revenue requirement of this project to that class. Please use the 2016 revenue requirement for this comparative analysis.

- c) Please explain why the income taxes on earnings in Attachment 1 are negative and explain why a direct assignment to TransCanada is appropriate.
- d) Please provide the rate impacts related to the Shared Pipeline on the existing rate classes. Please include an explanation of how the revenue requirement would be allocated to the various customer rate classes.
- e) Please list the evidence updates foreseen specifically with respect to the Shared Pipeline, including any updates related to the March 27, 2013 NEB Decision on TCPL tolls.
- f) Please file the Transportation Services Agreement ("TSA") contract with TCPL, in confidence if necessary.
- g) What is the status of the TCPL negotiations?
- h) Does the Base Case Economic Feasibility model an NPS 36" or an NPS 42" pipeline?
- i) What is the design capacity of the NPS 36" and NPS 42" pipelines and how would Enbridge utilize the 36" line differently if the 42" line does not proceed?
- j) What financial and other key assumptions are included in the Economic Feasibility for the Shared Pipeline? How many years of transportation revenue is assumed? Is the revenue requirement from the Shared Pipeline included in the Economic Feasibility?
- k) With respect to the new Rate 332 for transportation services, is there a prospect that other ex-franchise customers will take service under this rate?
- l) Enbridge currently has an approved transmission Rate 331 Tecumseh to Dawn service. Please compare and contrast the features of this rate to the proposed Rate 332.

- m) With respect to the Revenue Requirement shown for the Shared Pipeline at Exhibit E/T1/S2, the required rate of return is shown as 6.81%. Is this based on the Company's approved 2013 Cost of Capital? Please explain.

Issue: D-6

If the Board approves the proposed facilities, what conditions, if any, are appropriate?

D.6 – Staff 50

Questions

- a) Please comment on the attached Board staff proposed draft conditions of approval. Please note that these conditions are standard conditions and are a draft version subject to additions or changes.

**Enbridge Gas Distribution
Leave to Construct Application
EB-2012-0451
Board Staff Proposed Draft
Conditions of Approval**

1 General Requirements

- 1.1 Enbridge shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2012-451 except as modified by this Order and these Conditions of Approval.
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- 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 Ontario Pipeline Coordinating Committee ("OPCC") review.

- 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.
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- 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.

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- 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 Other Approvals

- 4.1 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.