

March 27, 2014

BY RESS and COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited (“Union”)
Panhandle NPS16 Replacement Project (Lakeshore)
Board File # EB-2013-0420**

We refer to your correspondence dated March 26, 2014, and in particular your request for the cost differential between an alternative to replace the existing NPS16 pipeline with the same size pipeline and the proposal in Union’s above noted application.

In Union’s current application, the cost to replace the existing NPS 16 pipeline with a new NPS 20 pipeline is \$29,597,000, as outlined in Schedule 3 of the above noted application. The cost to replace the existing NPS 16 pipeline with the same size pipeline is \$26,340,000. Therefore the cost differential is \$3,257,000. A cost schedule to reflect a size for size replacement is attached.

The increase in the size of the pipeline from NPS 16 to NPS 20 will provide an extra 15,700 m³/hour of additional capacity for the primary area of Leamington/Kingsville, which is served by the Panhandle Line. The alternative to increasing the size of the pipeline to replace this additional capacity achieved, would be the construction of 8 kilometers of NPS20 pipeline, which would loop a portion of the Panhandle Line, between Union’s Dawn facility and Windsor.

If you have any further questions please do not hesitate to contact us.

Sincerely,
[original signed by]
Mark A. Murray, J.D.
Manager, Regulatory Projects and Lands Acquisition
:mjp
Encl.

cc: Pascale Duguay, Manager Facilities Applications
Zora Crnojacki, Project Advisor

TOTAL ESTIMATED PIPELINE CAPITAL COSTS

PANHANDLE LINE REPLACEMENT PROJECT

NPS 16 Pipeline Option

Pipeline and Equipment

NPS 16 Steel Pipe, Coated 13,700 metres	\$	1,709,000
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Valves, Fittings and Miscellaneous Material	\$	79,000
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Total Pipeline and Equipment	\$	1,788,000
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Construction and Labour

Lift 13,700 of NPS 16 & Lay 13,700 metres of NPS 16 Steel Pipe	\$	13,652,000
Miscellaneous Contract Labour		

Company Labour, Inspection, X-Ray, Construction Survey, Legal, Environmental, Archeology, and Permitting	\$	4,198,000
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Easements, Lands, Damages & Regulatory	\$	2,982,000
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Total Construction and Labour	\$	20,832,000
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Subtotal Estimated Pipeline Capital Costs - 2014 Construction	\$	22,620,000
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Contingencies	\$	3,393,000
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Interest During Construction	\$	327,000
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Total Estimated Pipeline Capital Costs - 2014 Construction	\$	26,340,000
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