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April 21, 2014

VIA COURIER AND EMAIL

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

**Re: Enbridge Gas Distribution Inc. ("Enbridge")
EB-2012-0031 Angus Reinforcement Pipeline Project
Conditions of Approval – Financial Monitoring Report**

The Ontario Energy Board's ("Board") Decision and Order issued on June 21, 2012 contains Conditions of Approval which require Enbridge to file a Post Construction Financial Report with the Board within 15 months of the in-service date. The final in-service date for the Angus Reinforcement pipeline project was February 20, 2013 therefore Enbridge is required to file the financial report before the end of May 2014.

Enclosed please find the financial report for the Angus Reinforcement Pipeline project.

Any future developments will be communicated to the Board.

If you have any questions, please contact the undersigned.

Yours truly,

(Original Signed)

Stephanie Allman
Regulatory Coordinator

cc: Zora Crnojacki, OPCC Chair
Pascale Duguay, Manger, Facilities Applications, Ontario Energy Board (via courier and email)

EB-2012-0013

Angus Pipeline Reinforcement Project

Post-Construction Financial Report on Costs and Variances

April 21, 2014

Introduction

Enbridge Gas Distribution Inc. (“Enbridge”) filed an application with the Ontario Energy Board (the “Board”) on February 16, 2012, under section 90 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Schedule B for an order granting leave to construct approximately 10.1 kilometers of 168 millimeter diameter (Nominal Pipe Size 6 inch) Extra High Pressure steel pipeline (the “pipeline”) to reinforce the existing natural gas delivery system in the Angus, Ontario area.

The Board assigned the file number EB-2012-0013 to this application and granted leave to construct on June 21, 2012.

This Post-Construction Financial Report summarizes the actual capital costs of the project and provides an explanation of significant variance from the original estimates.

Project Summary

Pipeline construction activities commenced in October 2012 and were completed in February 2013. Most of the restoration activities were completed in 2013. Construction was monitored during the project to ensure appropriate measures were implemented to mitigate any environmental impacts. Final restoration activities may be required in the spring of 2014 as communicated in the Interim Monitoring Report filed with the OEB in August 2013. Once the snow has melted and revegetation has a chance to occur this spring, the results of the clean-up program and status of existing restoration will be examined for additional work that may be required. Without knowing the outcome of the spring restoration requirement investigation, we have included an estimate of \$50,000 for the outstanding restoration in the actual Pipeline Installation amount shown in Table 1. These costs include expenses related to erosion control and re-seeding (i.e. erosion blanketing, topsoil installation, hydro-seeding, and hydro-excavation as needed). The actual costs reported within this report assume that restoration expenses amounting to \$50,000 will be incurred in 2014.

Cost and Variance Reporting

The actual project cost of \$4.0 million is less than the submitted estimate of \$4.15 million reported in EB-2012-0013, Exhibit C, Tab 2, Schedule 1. A detailed comparison of actual versus estimated project costs is show in Table 1 provided on the following page.

Table 1 – Total Project Costs

Angus Pipeline Reinforcement Project

Item No.	Breakdown	Budgeted Cost	Actual Cost	Variance
1.0	Material Cost	\$764,750	\$782,574	2%
2.0	Pipeline Installation Costs	\$2,307,564	\$2,609,779*	13%
3.0	External Cost	\$502,806	\$249,314	-50%
4.0	Land Costs	\$20,500	\$11,290	-45%
5.0	Overheads	\$179,781	\$131,732	-27%
6.0	Contingency	\$359,562	\$230,756	-36%
7.0	Total Relocation Cost	\$4,134,963	\$4,015,446	-3%

* This cost includes the preliminary estimate of \$50,000 for outstanding restoration costs that may be incurred after a Spring examination of re-vegetation progress. The year to date cost for Pipeline Installation is \$2,559,779.

The total estimated project cost included a 10% contingency to account for costs that were unforeseeable at the time of filing. This project was completed 3% under budget with contingency included, and 5% over budget with contingency excluded. The rationale for variances is as follows:

- 1.0 The final Material costs were \$782,574 or 2% higher than expected. The purchase price for pipe and valves was slightly higher than expected.
- 2.0 Pipeline Installation Costs (excluding any additional restoration) are currently \$2,559,779 or \$2,609,779 after additional restoration. The latter is 13% higher than anticipated. Delays acquiring the necessary permits pushed the construction period into the winter season, therefore increasing the pipeline installation costs. Combined with the higher construction rates during the winter, productivity was lowered and difficulty was encountered during drilling of the creek crossing. Contract scope changes were minimal due to effective cost management and supervision on-site.
- 3.0 The Actual external costs were 50% lower than estimated. The estimate provided was based on hiring third party inspection personnel. Considerable costs were saved by assigning internal inspection resources to the project.

4.0 The costs for permits, easements and land were 45% lower than expected. The project budget included costs for purchase of an easement from Essa Township. The easement was given to EGD without payment since the township's preferred route was chosen.

5.0 Overhead costs were approximately \$48,000 under budget. Project management was effective, and minimal additional support was required.

6.0 Contingency was estimated at 10% of the total project cost, however only 6% of the total project cost was required.

Conclusion

The project to reinforce the natural gas distribution network near the Town of Angus was completed in February 2013, with the exception of additional restoration efforts which may be required in 2014. Good labour and material management, with appropriate levels of overheads and contingency resulted in completion of this project at a cost within 3% of the original estimate.