

**IN THE MATTER OF** the Ontario Energy Board Act, 1998, S.O. 1998, c.l5, Schedule B (the "Act");

**AND IN THE MATTER OF** an Application by Goldcorp Inc. ("Goldcorp") for an Order under section 36 of the Act directed at Union Gas Limited ("Union") regarding the quantum of an aid to construct payable by Goldcorp to Union for a gas pipeline that was the subject of EB-2011-0040.

### **Goldcorp's Interrogatory Responses**

October 14, 2014

1. References: Goldcorp Inc. application, Paragraphs 3,6, 20 and 28 and the attached Union's Post Construction Financial Report, Variance Explanation and Aid in Construction Summary;

#### **Preamble:**

Goldcorp included in its application Union's Post Construction Financial Report, Variance Explanation and Aid in Construction Summary, dated April 22, 2014. According to this document Goldcorp's Contribution in Aid of Construction (CIAC) was estimated to be \$18.6 million and after the actual construction, the amount increased to \$21.8 million. The variance is approximately \$3.2 million. Goldcorp refers to the additional construction period and its impact on costs as "Delay Costs". Goldcorp indicated that Union allocated approximately 72% of the Delay Cost to Goldcorp and approximately 28% to the Municipality of Red Lake. According to this, Union requests from Goldcorp \$2.375 million increase in originally estimated CIAC.

#### **Question:**

Referring to the application please explain why in paragraph 20 Goldcorp stated that it would incur approximately \$2.375 million associated with construction delay while in paragraph 28 it stated it would be responsible for \$3.2 million of Delay Cost.

#### **Response:**

**The reference to \$3.2 million in paragraph 28 is an error. The correct number is \$2.375 million.**

2. References: Goldcorp Inc. application, Paragraph 24, and the attached Union's Post Construction Financial Report, Variance Explanation and Aid in Construction Summary, dated April 22, 2014; EB-2011-0040/0041/0042 Proceeding, Interrogatory Responses by Union to Board Staff #4.

Preamble:

In the application Goldcorp stated that it had had numerous discussions with Union regarding who should bear the Delay Costs, however no agreement was reached. In response to Board staff IR #4 in the original proceeding Union stated that it negotiated with Goldcorp the estimated contribution, and that the method, details and conditions of arrangements are set out in Clauses 10 and 11 of Northern Gas Distribution Contract, dated March 11, 2011. In response to the IR#4 Union filed Northern Gas Distribution Contract in confidence.

Questions:

a. What terms and conditions regarding the payment and adjustments of CIAC were defined in the contractual agreement between Goldcorp and Union in 2011?

Response:

**Attached is a copy of the Northern Gas Distribution Contract, dated March 11, 2011 that was filed on the public record in EB-2011-0040/0041/0042. As set out in section 11, Goldcorp is responsible for varying percentages of the actual costs of the pipe sections, "unless otherwise determined by the Ontario Energy Board." It is Goldcorp's understanding that this language differs from Union's standard contractual term which does not provide that a customer is responsible for cost overruns "unless otherwise determined by the Ontario Energy Board".**

**Goldcorp insisted that Union Gas include the wording "unless otherwise determined by the Ontario Energy Board" because it wanted to ensure that any payments required of it by Union Gas were just and reasonable. In light of the unique circumstances described in the Application, Goldcorp does not believe that the CIAC related to the construction delays satisfies the "just and reasonable" standard.**

b. Please describe the methodology and/or formula for calculating the estimated CIAC and actual CIAC and provide any supporting documentation.

Response:

**Union Gas was responsible for calculating the CIAC. Therefore, Union Gas is the appropriate party to provide the methodology and/or formula for calculating the estimated CIAC and actual CIAC, and any supporting documentation.**