

December 8, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**RE: EB-2014-0234 – Goldcorp Inc. – Payment of Construction Delay Costs –
Procedural Order No. 2 Responses**

Please find attached Union's responses to the Board's questions per EB-2014-0234 Procedural Order No. 2.

Should you have any questions, please contact me at 519-436-5476.

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

cc: Crawford Smith (Torys)
Goldcorp Inc.
Enbridge Gas Distribution Inc.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

What date does Union consider as the starting date for the construction and when were the construction crews and equipment mobilized in 2011?

Response:

Union commenced construction of the pipeline on August 8, 2011, after the Board had approved the project.

As part of Union's normal construction process, construction crews and equipment were mobilized in stages, starting in April 2011, to complete a number of pre-construction activities prior to Board approval. These activities included tree clearing along the right of way prior to Avian nesting periods. In order to complete the tree clearing it was also necessary to construct some access points off Highway 105 and construct some access roads along the proposed pipeline route. A yard was set up and some of the steel pipe was also received and stored on-site prior to Board approval. These activities were not dependant on which construction option was chosen.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

If the construction started prior to the receipt of the Board's leave to construct approval on July 25, 2011, please explain why it started before the approval was received and before the preferred construction option was selected?

Response:

Please see the response at Exhibit B.Staff.1.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

In its evidence (p. 3), Union stated that it considered three construction options:

- a) What criteria were used to assess the three options and to select the preferred option?
- b) Please provide relevant comparative information for the three options including cost of mobilization/demobilization, total construction cost, and in-service dates.
- c) Did option 3 involve mobilization and demobilization of the construction crews only once? If so, why was option 2 determined to be the preferred option?

Response:

- a) Union used the following criteria to assess the three options:
 - 1. Estimation of the incremental costs.
 - 2. Impact on original in-service date.
 - 3. Ability to complete construction in the proposed time frame.
These were given to Goldcorp, who then selected the preferred option.

- b) Please see comparative information for the three options below:

	<u>Option 1</u> Complete in 2011	<u>Option 2</u> Partial Completion in 2011 and Finish in 2012	<u>Option 3</u> Complete in 2012
Additional delay costs	\$0.44 million	\$0.44 million	\$0.44 million
Incremental cost for compressed time frame and weather risk	\$2.72 million	\$0	\$0
Mobilization/demobilization costs	\$0	\$0.35 million	\$0.64 million
Total estimated project costs	\$21.14 million	\$18.77 million	\$19.06 million
Estimated in-service date	December 2011	August 2012	October 2012
Risk of not meeting in service date	High due to weather	Low	Low

- c) Both option 2 and option 3 required the mobilization and demobilization of crews. Under option 2 only some of the equipment would need to be remobilized in the spring of 2012. Under option 3 all of the equipment would need to be remobilized in the spring of 2012. Goldcorp chose option 2.