

December 12, 2014

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: Goldcorp Inc. – Union Submission – EB-2014-0234**

Please find attached Union's submission in the above noted proceeding.

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.

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

**AND IN THE MATTER OF** an Application by Goldcorp Inc. (“Goldcorp”) for an Order under section 36 of the *Ontario Energy Board Act, 1998* (“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.

**SUBMISSION OF  
UNION GAS LIMITED**

**A. Overview**

1. By application dated July 4, 2014, Goldcorp Inc. (“Goldcorp”) applied to the Ontario Energy Board (“Board”) pursuant to Section 36 of the *Ontario Energy Board Act, 1998* (“the Act”) for an order 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.
2. On September 15, 2014, the Board issued Procedural Order No. 1, which included the option for intervenors to file evidence. Union filed its evidence on October 28, 2014.
3. Board Staff filed interrogatories with the Board in relation to Union’s evidence. Union responded to the interrogatories on November 25, 2014.
4. On December 4, 2014, the Board issued Procedural Order No. 2, which directed Union to file responses to supplemental questions. Union filed its responses with the Board on December 8, 2014.
5. The balance of this submission is organized to address the Contribution in Aid of Construction (“CIAC”) that Goldcorp should pay.

**B. Contribution in Aid of Construction**

6. Union filed its Leave to Construct application (EB-2011-0040) in February 2011. As described in the application, the construction of the facilities would be completed in two phases. Phase 1 was to construct a pipeline with sufficient capacity to serve Goldcorp and the Municipality of Red Lake which includes the towns of Red Lake, Balmerton and Cochenour (“the Municipality”). Phase 2 provided service for the Municipality. As indicated in EB-2011-0040, Union intended to construct Phase 1 in the 2011 construction season. Union expected a Board decision in May 2011 so that the 2011 construction timeline could be achieved.

7. In March 2011, Goldcorp signed a Rate 20 distribution contract with Union, which identified Goldcorp’s share of the CIAC as \$18.6 million and the Municipality’s share as \$7.0 million. Section 11 of the contract also stipulated that “since the original CIAC was based on an estimated cost of each section of the Expansion Facilities, unless otherwise determined by the OEB, Union shall re-determine the CIAC”.

8. Prior to the issuance of a decision, a letter was sent to the Board on May 5, 2011 from the Grand Council of Treaty 3 outlining its concerns with the application. On June 9, 2011 the Board received a letter from the Lac Seul First Nation requesting intervenor status. On June 9, 2011 the Board received a letter from the Wabauskang First Nation requesting intervenor status. These interventions led to two additional procedural orders being issued by the Board and an oral hearing that was convened on June 20, 2011. The Leave to Construct Decision order was issued by the Board on July 25, 2011.

9. The delay of the Board’s Decision from May to July put the Phase 1 season construction period of one year at risk. Union consulted with Goldcorp on three options to complete the project. Goldcorp selected option 2 which was the lowest cost option with a low risk of not meeting the original in-service date, and would be constructed over two seasons.

10. As a result of the two season construction, incremental delay costs of \$3.3 million were incurred. These costs were prudently incurred by Union. If the costs had not been incurred the project would not have been constructed.

11. Based on Section 11 of the Rate 20 distribution contract, Union recalculated the CIAC based on the actual costs of the project. In Union's view, as per the contract, Goldcorp should pay the prudently incurred incremental costs. Accordingly, Union invoiced Goldcorp for the incremental costs and Goldcorp paid the invoice.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED**

*[original signed by]*

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Crawford Smith  
Lawyers for Union Gas Limited