

January 15, 2015

BY RESS and COURIER

Pascale Duguay,
Manager, Natural Gas Applications
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Duguay:

**Re: Union Gas Limited (“Union”)
Thunder Bay Pipeline Project
Board File # EB-2012-0226\EB-2012-0227**

Further to the Conditions of Approval in the Ontario Energy Board’s Decision and Order as issued on March 28, 2013 and in particular condition 1.5, attached please find the Post Construction Financial Report.

Sincerely,

[original signed by]

Shelley Bechard
Administrative Analyst, Regulatory Projects

cc: Zora Crnojacki, Ontario Energy Board
Ivan Bosnjak
Regulatory Library

POST-CONSTRUCTION FINANCIAL REPORT
THUNDER BAY INTEGRITY PROJECT
EB-2012-0226/EB-2012-0227

In compliance with the revised Ontario Energy Board Order EB-2012-0226/EB-2012-0227 condition 1.5 the following is a report on the capital pipeline costs for the Thunder Bay Integrity Project.

The pipeline costs were \$1,352,847 or 5.1% lower than the estimated costs. The following explains the significant variances.

1. Material costs were \$218,121 or 7.7% lower than estimated mainly due to less material required at the stations than originally estimated due to design changes.
2. Construction and labour costs were \$838,758 or 3.9% higher than estimated due to weather delays, increased crossing scope and unforeseen contractor costs, as well as in-line and CP survey not included in the estimate. Land costs were \$709,424 or 42.6% lower than estimated due to fewer temporary land use requirements and damage payments than originally forecast.
3. Contingencies of \$1,777,000 were estimated as required for unforeseen expenditures. The costs were distributed throughout the various actual costs.
4. Interest during construction was \$196,483 or 54.9% lower than estimated. The decrease reflects timing of actual incurred costs.

Description	As Filed Costs EB-2012-0226/ EB-2012-0227	Actual Costs	\$ Variance	% Variance
Pipe	\$1,921,000	\$2,086,784	\$165,784	8.6%
Valves, Fittings, Miscellaneous	\$873,000	\$488,044	-\$384,956	-44.1%
Stores Overhead	\$27,000	\$28,051	\$1,051	-3.9%
Total Material	\$2,821,000	\$2,602,879	-\$218,121	-7.7%
Contract Lay	\$16,275,000	\$18,504,048	\$2,229,048	13.7%
Labour, X-Ray, Survey, Inspection, Consultants	\$3,830,000	\$3,123,490	-\$706,510	-18.5%
Easements, Lands, Damages	\$1,665,000	\$981,220	-\$683,780	-41.1%
Total Construction and Labour	\$21,770,000	\$22,608,758	\$838,758	3.9%
Contingencies	\$1,777,000		\$1,777,000	100%
IDC	\$358,000	\$161,517	-\$196,483	-54.9%
Total Project	\$26,726,000	\$25,373,153	-\$1,352,847	-5.1%