

March 30, 2015

BY RESS & 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”)  
Owen Sound Replacement Project  
Board File # EB-2012-0430**

Pursuant to Condition 1.5 of the Board’s Conditions of Approval for the above-noted project, please find attached Union’s Post Construction Financial Report. I confirm that four copies of this report shall follow by courier to your attention.

Sincerely,

*[Original Signed By]*

Shelley Bechard  
Administrative Analyst, Regulatory Projects  
Encl.

cc: Z. Crnojacki (Chair, OPCC)  
Deb Bossy (UG, Major Projects)  
Regulatory Library

POST-CONSTRUCTION FINANCIAL REPORT  
OWEN SOUND REPLACEMENT PROJECT

Description	As Filed Costs	Actual Costs	\$ Variance	% Variance
<b>PIPELINE CONSTRUCTION</b>				
Pipe	\$ 2,843,000	\$ 3,098,772	\$ 255,772	9.0%
Valves, Fittings, Miscellaneous	\$ 246,000	\$ 553,949	\$ 307,949	125.2%
Stores Overhead	\$ 19,000	\$ 22,441	\$ 3,441	18.1%
<b>Total Material</b>	<b>\$ 3,108,000</b>	<b>\$ 3,675,162</b>	<b>\$ 567,162</b>	<b>18.2%</b>
Contract Lay	\$ 12,554,000	\$ 17,859,972	\$ 5,305,972	42.3%
Labour, X-Ray, Survey, Inspection, Consultants	\$ 3,754,000	\$ 5,511,578	\$ 1,757,578	46.8%
Easements, Lands, Damages	\$ 1,011,000	\$ 1,068,984	\$ 57,984	5.7%
<b>Total Construction and Labour</b>	<b>\$ 17,319,000</b>	<b>\$ 24,440,534</b>	<b>\$ 7,121,534</b>	<b>41.1%</b>
Contingencies	\$ 2,573,000		-\$ 2,573,000	-100.0%
IDC	\$ 328,000	\$ 333,637	\$ 5,637	1.7%
<b>Pipeline Total</b>	<b>\$ 23,328,000</b>	<b>\$ 28,449,333</b>	<b>\$ 5,121,333</b>	<b>22.0%</b>
<b>STATION CONSTRUCTION</b>				
Station Equipment	\$ 170,000	\$ 261,190	\$ 91,190	53.6%
Construction & Labour	\$ 402,000	\$ 880,008	\$ 478,008	118.9%
IDC	\$ 7,000	\$ 12,161	\$ 5,161	73.7%
<b>Station Total</b>	<b>\$ 579,000</b>	<b>\$ 1,153,359</b>	<b>\$ 574,359</b>	<b>99.2%</b>
<b>Total Project</b>	<b>\$ 23,907,000</b>	<b>\$ 29,602,692</b>	<b>\$ 5,695,692</b>	<b>23.8%</b>

The project costs were \$5,695,692 or 23.8% higher than the estimated costs. The following explains the significant variances.

Pipeline Construction:

1. Material costs were \$307,949 or 125.2% higher than estimated for the pipeline mainly due to additional ARO coating requirements and pigging requirements not included in the original estimate, as well as an increase in the overall project scope/length.
2. Contract Lay costs were \$5,305,972 or 42.3% higher than estimated due to wet and hot weather delays, increased crossing/boring scope, increased safety diligence in high-traffic areas, and unforeseen delays associated with municipal permits, ground conditions, and developer re-routing not included in the estimate. Labour, X-Ray, Survey, Inspection, & Consultant costs were \$1,757,578 or 46.8% higher than estimated due to many of the same reasons listed above for Contract Lay, as well as additional archaeology and coating sampling on scrapped pipe.
3. Contingencies of \$2,573,000 were estimated as required for unforeseen expenditures. The costs were distributed throughout the various actual costs.
4. Interest during construction for the pipeline was \$333,637 or 1.7% higher than estimated. The increase reflects increased project scope and timing of actual incurred costs.

Station Construction:

5. Station equipment costs were \$91,190 or 53.6% higher than estimated for the station associated with unexpected replacement/equipment changes at the existing station.

6. Construction and Labour costs were \$478,008 or 118.9% higher than estimated due to fencing, civil, and electrical design not available at time of bid, as well as additional sandblasting and coating of above ground piping and equipment.
7. Interest during construction for the station was \$12,161 or 73.7% higher than estimated. The increase reflects increased project scope and timing of actual incurred costs.