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May 1, 2015

VIA COURIER AND EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

**Re: Enbridge Gas Distribution Inc. ("Enbridge")
EB-2012-0382 Durham York Energy Centre
Conditions of Approval – Post Construction Financial Report**

In the Ontario Energy Board's Decision issued on March 28, 2013, the Conditions of Approval required Enbridge to file a Post Construction Financial Report for the project 15 months after the in-service date. The final in-service date for the Durham York Energy Centre was November 21, 2013 and requires Enbridge to file the Financial Report by May 1, 2015.

Enclosed please find the financial report for the project.

If you have any questions, please contact the undersigned.

Yours truly,

(Original Signed)

Stephanie Allman
Regulatory Coordinator

cc: Zora Crnojacki, OPCC Chair
Pascal Duguay, Manager Natural Gas Applications, Ontario Energy Board
(via courier and email)

EB-2012-0382

Durham York Energy Centre Project

Post-Construction Financial Report on Costs and Variances – May 1, 2015

Introduction

Enbridge Gas Distribution Inc. (“Enbridge”) filed an application with the Ontario Energy Board (the “Board”) on November 12, 2012, under section 90 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Schedule B for an order granting leave to construct approximately 5.6 kilometers of high pressure (“HP”) steel pipeline consisting of two sections, one of Nominal Pipe Size (“NPS”) 8 (8 inch diameter; 203 millimeter) in Bowmanville, Ontario and one section of NPS 6 (6 inch diameter; 152 millimeter) in Courtice, Ontario to provide distribution services to the Durham York Energy Centre (“DYEC”) Facility in Courtice, Ontario (the “proposed pipeline”).

The Board assigned the file number EB-2012-0382 to this application and granted leave to construct on March 28, 2013.

This Post-Construction Financial Report summarizes the actual capital costs of the project and provides an explanation of variance from the original estimates.

Project Summary

Pipeline construction activities commenced in June 2013 and were completed in November 2013. Majority of the restoration activities were completed in 2013 and communicated in the Interim Monitoring Report filed with the OEB in June 2014. Final restoration activities were completed in September 2014. Measures implemented during construction and final restorations have been successful and will be communicated in the Final Monitoring Report to be filed May 1, 2015.

Cost and Variance Reporting

The original cost estimate was \$3.9 million as reported in EB-2012-0382, Exhibit C, Tab 2, Schedule 1. The actual project cost is approximately \$4.9 million. A comparison of actual versus estimated costs is show in Table 1 provided on the following page.

Table 1 – Total Project Costs

Item No.	Breakdown	Budgeted Costs	Actual Costs	Variance
1.0	Material	\$ 348,000	\$ 567,200	\$ 219,200
2.0	Labour	\$ 2,336,000	\$ 3,525,837	\$1,189,837
3.0	External	\$ 547,000	\$ 541,393	(\$5,607)
4.0	Station	\$ 150,000	\$ 68,771	(\$81,229)
5.0	Land	\$ 10,000	\$ 4,013	(\$5,987)
6.0	Overheads	\$ 170,000	\$ 173,592	\$3,592
7.0	Contingency	\$ 339,000		
8.0	Total	\$ 3,900,000	\$ 4,880,806	\$980,806

This project was completed \$980,806 or 25% over the original estimate filed at the time of the application. The reasons for variances are as follows:

- 1.0 The final material costs were \$567,200, \$219,200 more than estimated at the time of application. The pipeline coating cost was estimated for single fusion bonded epoxy coating, which is the standard coating. A double fusion bonded epoxy coating was used during construction. This is partly due to a recommendation by the contractor for constructability, and partly due to a request from the Region of Durham to increase the depth of cover for 27% of the project route in anticipation of road widening.

- 2.0 Pipeline installation costs were \$3,525,837, approximately \$1,189,837 more than estimated at the time of the application. Due to the change in scope as stated above, construction methodology was changed from open trench to horizontal directional drill. Cobbles and rocks encountered during construction resulted in reduced productivity. The difference between the budgeted and actual labour costs can be attributed to the change in construction methodology and reduced productivity. The customer, Regional Municipality of Durham, was kept abreast of the changes in construction costs.

- 3.0 The final external costs were \$541,393, marginally less than estimated at the time of filing.

- 4.0 The final stations costs were \$68,771, approximately \$ \$81,229 less than estimated at the time of LTC filing. The Station costs were estimated with limited scope information and therefore included a high level of contingency.

- 5.0 The costs for permits, easements and land were \$4,013, approximately \$5987 lower than expected. The application cost estimate included costs for temporary

working easements along the route. Design changes eliminated the need for the majority of these temporary working easements.

6.0 Overhead costs were \$173,592, marginally higher than the estimate at the time of the filing. Engineering, planning, design and inspection services were completed effectively with internal resources.

7.0 Contingency on this project has been used.

Project Feasibility

As pointed out in the May 29 2012 Financial Agreement (Pre-filed evidence Exhibit E Tab 1, Schedule 2) with the customer, the Contribution In Aid of Construction ("CIAC") from the customer was initially set based on the cost estimate and then trued-up based on the actual costs.

There has been an adjustment of the CIAC in October 2014 when the costs escalated. There will be a final adjustment on or before July 1, 2015 of the customer's CIAC based on the actual project costs. The profitability index of the project will remain at 1.0.