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VIA E-MAIL AND COURIER

Ms. Pascale Duguay
Manager, Natural Gas Applications
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Duguay,

**Re: Enbridge Gas Distribution Inc. ("Enbridge")
Ontario Energy Board ("Board") Docket No. EB-2012-0451 GTA Project
Conditions of Approval 1.4**

Pursuant to Condition of Approval 1.4 in the Board's January 30, 2014 decision, Enbridge would like to inform the Board that there have been changes in the siting and timing of the in-service date of the Buttonville and Jonesville stations and the in-service date of Segment A. Details are as follows:

BUTTONVILLE STATION

Original proposed location

The location proposed for the Buttonville Station in the Leave To Construct application was 8081 Woodbine Avenue in Markham ("8081 Woodbine"). These lands were at one time the site of an auto wrecker. As such, due diligence on the existence or not of soil contamination is of vital importance.

Enbridge met with 8081 Woodbine and attempted to acquire access to the property before making a formal offer, to perform geotechnical investigations and other due diligence work. This was unsuccessful. Enbridge subsequently extended an offer conditional upon access to the site to perform the due diligence work necessary to confirm environmental acceptability. The owner rejected this condition and essentially wanted the property to be sold "as is" and without the opportunity to fully assess the level of risk associated with any acquisition of the property.

Enbridge commissioned Dillon Consulting Limited to assess the potential contamination and clean-up costs, using information from an existing Environmental Site Assessment for the lands adjacent to the south side of 8081 Woodbine Avenue. Dillon estimated the potential

remediation costs to be as high as \$3 million. In addition, there is no certainty that any of the contaminants are not migrating off site, so there is a potential for significant cost escalation. Due to the risks associated with the suspected contaminated lands, Enbridge decided to abandon consideration of this site.

Alternate Sites

An alternate site was identified within the study area of the GTA Environment Report and discussions were initiated with the property owner to purchase this site. Through discussions with the property owner and a Soil Investigation Report provided by the owner, the site was deemed to be free from contamination. Enbridge extended an offer, but the counter-offer from the owner was substantially higher than the high-end valuation and included unacceptable conditions.

Enbridge also considered several other alternate locations, but they are either unavailable or of insufficient size for the station.

Postponement

Based on the land availability and cost situation, Enbridge decided that the prudent decision would be to postpone the completion of the Buttonville Station. Enbridge is currently evaluating its options for Buttonville, including reinitiating the negotiations for the alternate Buttonville site after negotiations with other land owners for critical easements for Segments A and B have been completed. Enbridge will be providing further updates to the Board.

System Impact

The primary purpose of Buttonville Station is to enhance operational flexibility and reliability, primarily in the event of an upset condition, by providing a second feed into the Don Valley¹ line and enabling segmentation of the portion of the Don Valley line between Victoria Square Gate Station and Jonesville Station. Without Buttonville Station, this additional flexibility will not be realized.

If the other facilities are available, the absence of the station does not impact Enbridge's ability to reduce pressures in the NPS 26 and Don Valley pipelines, the ability to meet customer growth through 2025, or the ability to achieve the gas supply shift from Victoria Square Gate Station to Parkway.

JONESVILLE STATION

Original Proposed Location

The location proposed for the Jonesville Station in the Leave To Construct application was at the existing district station location at the corner of Jonesville Crescent and Eglinton Avenue,

¹ For the locations of the Don Valley line and other lines mentioned in this letter, please refer to EB-2012-0451 Exhibit A Tab 3 Schedule 2

which is within a Hydro One Network Inc. (“HONI”) right of way. The site was chosen based on discussions with HONI. In fact, HONI wrote to Enbridge on April 25, 2012 indicating that their preference would be for Enbridge to expand the existing Jonesville Station site rather than locate at a new site in the transmission corridor south of Eglinton Avenue.

Through the engineering design phase, HONI’s major concern was with new buildings being constructed on their right of way. To alleviate this concern, design solutions were proposed to eliminate new buildings. However, it was not possible to eliminate the need to increase the size of the existing electrical/generator building to accommodate the expanded station.

On April 7, 2015 HONI advised Enbridge that a gas regulating station would not be permitted under any circumstances. The rationale provided by HONI is their strict adherence to a policy whereby; a) no buildings will be permitted to be constructed, or enlarged, anywhere on their right of way; and, b) above ground facilities will not be permitted to be constructed under their hydro lines due to concerns about falling high voltage wires.

Alternate Sites

The options for a new station near this location are very limited. Since the purpose of the facility is to enable the reduction of the operating pressure of the Don Valley line, the station must be located where the Don Valley line and the NPS 36 PEC Reinforcement line are in close proximity². Given HONI’s policy as described above, the use of the hydro corridor is not an option. In addition, the section of the NPS 36 PEC Reinforcement, from just east of Pharmacy Avenue to the existing Jonesville Station site, was directionally drilled and has over 20 metres depth of cover, making a tie-in impossible.

Enbridge is actively seeking suitable locations and has initiated discussion on two possible sites. Both of them are located outside the study area of the GTA Environmental Report. If a suitable site can be found an addendum to the GTA Environmental Report will have to be completed. Additional inlet/outlet piping may be required and an addendum to the Leave To Construct application will likely need to be submitted to the Board. Enbridge is targeting a new in-service date of Q2 or Q3, 2016 for this station. There is still uncertainty in the timing until the location is finalized and a tie-in date can be coordinated with a large downstream customer. Enbridge will provide the Board with progress updates.

System Impact

The primary purpose of the Jonesville Station is to enable pressure reduction of the Don Valley line. Without this station, the Don Valley line cannot be guaranteed to operate at below 30% SMYS³.

² To enable the reduction of the Don Valley line, the pressure of Segment B/NPS 36 PEC line has to be regulated down as it feeds into the Don Valley line, so the pressure regulation has to be located close to where the two lines meet.

³ Specified Minimum Yield Strength

Without regulation control at Jonesville, a majority of the intended gas supply shift of 600 TJ can be achieved by operating Segment B and the NPS 36 PEC Reinforcement pipeline at the same pressure as the Don Valley line. This scenario will restrict the operating pressure to 450 psi rather than 485 psi, thereby reducing the effective capacity of the Segment B/NPS 36 PEC line. Additional peaking supply may be required to ensure that the minimum system pressure is maintained at Station B on extremely cold days.

SEGMENT A

Due to quality issues related to the manufacturing of the NPS 42 line pipe for Segment A, Enbridge rejected the original delivery and re-ordered the pipe from a different company with a manufacturing plant located in Germany. This decision resulted in a delayed delivery date for the pipe to April, 2015 and the need to rework the mainline contractor's winter schedule to reduce the number of NPS 42 track bore and open cut crossings.

In addition, permitting challenges further impacted the winter schedule. Segment B is still scheduled to be in-service on November 1, 2015 as originally planned, but the in-service date for Segment A has been delayed to late December 2015. While Enbridge's 2015/16 gas supply plan assumes a November 1, 2015 in service date for Segment A, it has a built-in contingency measure in the event of a delay. The supply plan contemplated a transition from long haul to supply from Niagara, and Enbridge has built in an arrangement with TransCanada which allows for the delay of the conversion from long haul to the Niagara transportation capacity until Segment A is operational. The start date of the associated Niagara supply has also been delayed until January 1, 2016.

COST AND OPERATION IMPACT

These siting changes and delays will result in cost variances and gas supply and control adjustments. The cost variances from the siting changes will be estimated when the new sites are known. Cost variances due to the schedule extension are still under discussion with the mainline contractor and Enbridge will update the Board when there is more information.

Enbridge is currently evaluating the gas supply adjustments and the estimated cost impact. The level and type of additional peaking supply related to the Jonesville station delay is being studied. The savings related to the shift from long haul/Alberta to short haul/Niagara supply will be delayed as a result of the delay of Segment A.

If there are any questions, please do not hesitate to contact me (brian.wikant@enbridge.com) or Edith Chin (edith.chin@enbridge.com).

Yours truly,

[original signed]

Brian Wikant
Project Director, GTA Project