

Enbridge Gas Distribution
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Canada

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November 6, 2015

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, and further to our June 30, 2015 letter, Enbridge would like to update the Board on the siting and timing of the in-service dates of the Buttonville and Jonesville stations, the in-service dates for Segment A and Segment B, gas supply impacts for the upcoming winter, and the current project cost estimate. Details are as follows:

BUTTONVILLE STATION

There has been no development since June 30, 2015.

Negotiations with two land owners for critical easements for Segment B are still on-going. Enbridge continues to evaluate its options for Buttonville, and will not re-initiate the negotiations for the alternate Buttonville site until negotiations with other landowners are complete. Enbridge will be providing further updates to the Board. Current expected in-service date for this station is Q3 2017.

JONESVILLE STATION (renamed Ashtonbee Station)

Since our last report, Enbridge has located a possible site at the northeast corner of Pharmacy Avenue and Ashtonbee Road. The site is owned by the City of Toronto who has agreed in principle for the use of the site. The request is proceeding through the City's formal approval process to be followed by the negotiation of a multi-year lease agreement. This station has been renamed the Ashtonbee Station.

On November 12 Enbridge will initiate an Environmental Assessment amendment with the publishing of a “Notice of Proposed Project Change and Public Open House” (copy attached) and distribution of a letter to homes and businesses within 500 metres of the Ashtonbee facility location. This will be followed by an Open House on November 26 and completion of an addendum to the GTA Environmental Report in early January, 2016. Approximately 150 metres of inlet/outlet piping will be required and an addendum to the Leave To Construct application may be required.

Enbridge is targeting a new in-service date of Q3 2016 for this station. There is still uncertainty in the timing until a lease agreement is finalized and a tie-in date can be coordinated with a large downstream customer. Enbridge will provide the Board with progress updates.

PIPELINE SEGMENTS A & B

The in-service dates have been revised to March 15, 2016 for Segment A and December 31, 2015 for Segment B. The primary reasons for the schedule delay are: a) construction delays caused by protracted approval times from a number of permitting agencies and landowners relative to the original project schedule; and b) complex, deep road, river, and railway crossings that are taking significantly longer than estimated in the pipeline contractor’s original schedule. Two such crossings are for the inlet and outlet piping at Albion Station, where the massive bore pits are located within the station and have impeded facility construction activities. As a result, the Albion Station is behind schedule, contributing to the delay of Segment A.

OPERATION IMPACT

The operation impacts for the distribution network from the station delays have been described in our June 30 2015 letter.

Enbridge’s 2015/16 original gas supply plan anticipated that transportation capacity created by the GTA project facilities would significantly reduce long haul transportation capacity/supply and reduce peaking supply services. The revised in-service dates for Segments A and B will result in the need to exercise contingency measures developed along with the gas supply plan.

As a precaution for possible in-service delay, Enbridge’s arrangement with TransCanada allows Enbridge to maintain some long haul transportation until Segment A is operational. When the Segment A in-service date was initially delayed until January 1, 2016, Niagara supply was delayed until January 1, 2016 to offset increased western Canadian supply resulting from maintaining the additional long haul in the early part of the winter season. Given the further delay, the continued additional western Canadian supply will replace a portion of the planned Dawn supply purchases in the second half of the winter. Furthermore, Enbridge has secured additional peaking supply services to ensure it can meet design day demand.

COST IMPACT

The variances in gas supply costs have not been finalized. This will be deliberated as part of the 2016 gas supply plan discussion with the Board.

Enbridge has earlier¹ reported a revised project estimate from \$687 to \$756 million. This was primarily due to an escalation in the pipeline contractor's bid price relative to the cost estimate filed with the Board in EB-2012-0451 application.

The latest estimate is \$932 million. The incremental variance can largely be attributed to the following:

1. Increased costs associated with greater construction complexity, primarily associated with the 54 bored crossings, relative to the design basis assumptions underlying the cost estimate filed with the Board in the application. More specifically, increased depths, in many cases required by the permitting agencies, have resulted in a substantial increase in the amount of costly shoring required to safely construct the crossings. It has also necessitated the acquisition of additional temporary work space to stockpile a greater volume of excavated material. Agency requests have also caused a change in the construction method at some crossings as well as additional monitoring and support requirements to ensure the integrity of their adjacent infrastructure.
2. Increased costs associated with the approximate four month schedule delay. This includes additional project management and construction oversight costs for both Enbridge and the pipeline and facilities contractors. In addition, fall/winter are typically more expensive construction seasons with increased standby costs due to weather delays and lower productivity due to cold temperatures and shorter daylight working hours.

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

Cc: Andrew Mandyam (Enbridge)
Scott Dodd (Enbridge)
Jamie LeBlanc (Enbridge)

¹ April 1, 2015 Stakeholder Day Presentation

NOTICE OF PROPOSED PROJECT CHANGE AND PUBLIC OPEN HOUSE

PROPOSED REGULATION FACILITY TO UPGRADE THE NATURAL GAS DISTRIBUTION SYSTEM IN THE GTA

The Study

Enbridge Gas Distribution Inc. (Enbridge) has retained Dillon Consulting Limited (Dillon) to undertake an amendment to a previous environmental assessment completed for a new regulation facility. The original location for the proposed facility was in the vicinity of Jonesville Crescent and Eglinton Avenue in Toronto. Following further work and detailed design, a new location is being proposed at Pharmacy Avenue and Ashtonbee Road.

The proposed regulation facility would assist in regulating the flow of natural gas through Enbridge's pipeline system. The facility would be approximately 60 metres (m) long by 30 m wide. It would require approximately 150 m of buried 36-inch (915 millimetre) high pressure natural gas inlet/outlet piping to connect the station to existing natural gas pipelines operating within the adjacent hydroelectric transmission corridor.

This project is one component of a proposed upgrade to the backbone of Enbridge's natural gas distribution system to serve growth in the Greater Toronto Area (GTA) and enhance reliability and safety. For information about the complete GTA Project visit our website www.enbridgegas.com/gtaproject.

Once the study is complete, Enbridge may apply to the Ontario Energy Board for approval to construct the project. If approved, construction of the regulation facility is proposed for 2016.

Invitation to Participate and Comment

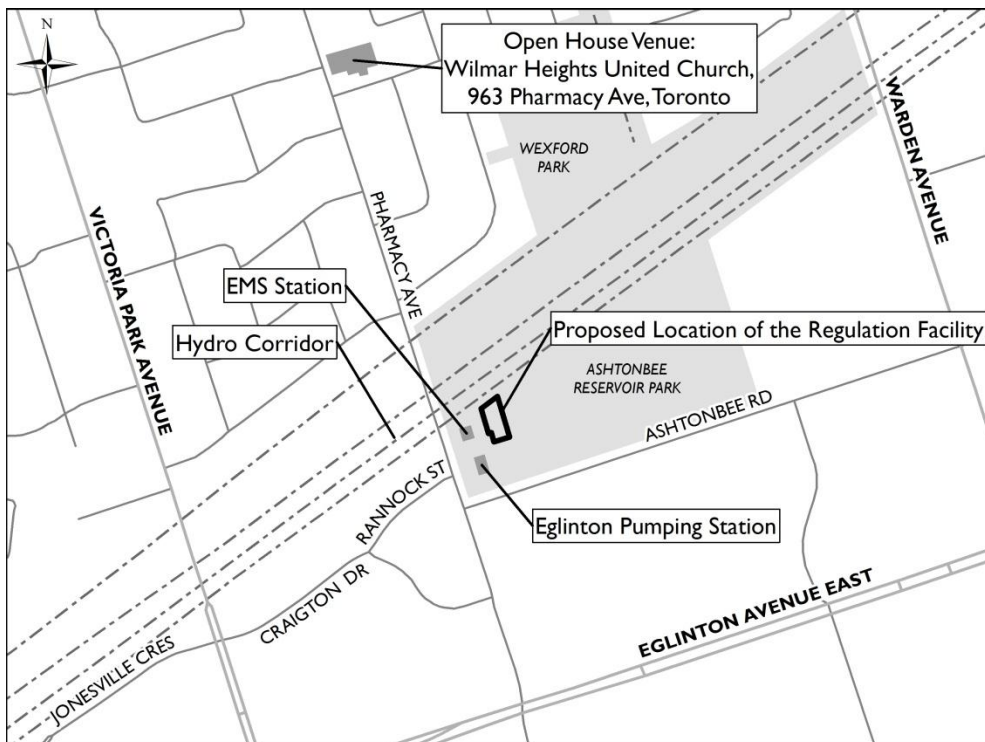
Public and agency consultation is a key component of this project. Enbridge is hosting an Open House to provide you with an opportunity to review the project and provide input.

Drop in to our Open House any time between 6:00p.m. and 8:30p.m.

Thursday, November 26, 2015

Wilmar Heights United Church, 963 Pharmacy Avenue
(please enter through east entrance)

The project scope, study process, regulation facility information and project timelines will be discussed at the Open House.



Comments & Questions? Contact Us

Website:

www.enbridgegas.com/gtaproject

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The project is being conducted in accordance with the Ontario Energy Board's *Environmental Guidelines for the Location, Construction, and Operation of Hydrocarbon Pipelines and Facilities in Ontario*, 6th Ed., 2011. The proposed works will also meet the requirements of the Ministry of Infrastructure's *Public Work Class Environmental Assessment, Office Consolidation, October, 2012*.