



**Ontario Energy Board**  
**Commission de l'énergie de l'Ontario**

---

**DECISION AND ORDER**

**EB-2016-0122**

**UNION GAS LIMITED**

**2016 Sudbury Replacement Project**

**BEFORE:** Ellen Fry  
Presiding Member

---

**July 7, 2016**

---

## INTRODUCTION

Union Gas Limited (Union) applied to the Ontario Energy Board (OEB) on March 16, 2016 under section 90 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B (the OEB Act) for leave to construct natural gas pipelines to replace two sections of the existing Sudbury lateral NPS 10 line, to address class location changes, pipeline system integrity concerns and future growth requirements. The proposed expansion project consists of a total of 850 metres of NPS 12 natural gas pipeline, with the first section being 700 metres long and the second section 150 metres long (the Project), in the City of Greater Sudbury.

Union plans to start construction in the summer of 2016.

A map of the Project is attached as Schedule A to this Decision and Order.

For the reasons set out below, the OEB finds that the construction of the Project is in the public interest. The OEB grants leave to construct, subject to the Conditions of Approval attached as Schedule B to this Decision and Order.

---

## THE PROCESS

The OEB issued a Notice of Hearing on April 1, 2016. The Industrial Gas Users Association (IGUA) requested and was granted intervenor status and cost award eligibility. The OEB proceeded by way of a written hearing. The interrogatory phase of the proceeding was completed on May 24, 2016. On May 30, 2016, IGUA and OEB staff advised the OEB that they would not file evidence in the proceeding. Based on that information, the OEB issued Procedural Order No. 2 revising the dates for written submissions. OEB staff and IGUA each filed written submissions on June 14, 2016. IGUA and OEB staff both supported Union's application. Union filed its reply submission on June 16, 2016 confirming its acceptance of the draft Conditions of Approval proposed by OEB staff.

---

## THE PUBLIC INTEREST TEST

This is an application under section 90 of the OEB Act seeking an order for leave to construct natural gas pipelines. Section 96 of the OEB Act provides that the OEB shall make an order granting leave if the OEB finds that “the construction, expansion or reinforcement of the proposed work is in the public interest”. When determining whether a project is in the public interest, the OEB typically examines the need for the project and alternatives, the project cost and economics, the environmental impacts, Aboriginal consultation, and the impacts on land owners. Each of these issues is addressed below.

---

## NEED FOR THE PROJECT AND ALTERNATIVES

According to Union, the Project is needed to meet the pipeline design provisions of the CSA Z662-11 *“Oil and Gas Systems Code”* as mandated by the *Technical Standards and Safety Act, 2000*. In accordance with the CSA Z662-11, the Project will address pipeline integrity issues identified as safety and security of supply concerns by Union’s Integrity Management Program inspection, and pipeline related safety issues due to the increased population density along the existing pipeline. As Union anticipates future demand growth on the Sudbury pipeline system, Union proposes to add capacity by increasing the diameter of the 700 metre long section and the 150 metre section of the existing pipeline from NPS 10 to NPS 12.

Regarding the alternatives to the Project, Union considered size for size replacements of the two sections, and replacement of the individual segments not meeting the integrity or class location requirements. Union indicated that the first alternative was not selected because it would not meet forecasted growth in the City of Greater Sudbury, and the second was not selected because it would have been inefficient.

The OEB accepts Union’s evidence on the need for the Project and its rationale for selecting the Project as the preferred alternative. The OEB accepts Union’s evidence that the Project is needed to meet the current pipeline design requirements of the CSA Z662-11 to reduce risks related to: (i) pipeline integrity, and (ii) safety of pipeline operation due to increased population density. The OEB finds that the increase in pipeline diameter is an acceptable approach to provide the needed capacity for anticipated demand growth along the Sudbury pipeline system.

---

## PROJECT COST AND ECONOMICS

The estimated cost of the Project is \$2.2 million. Union indicated that it did not conduct an economic feasibility analysis for the Project because the Project was driven mainly by the need to comply with regulatory requirements regarding class location, and there are no new contracts associated with the Project. Union stated that the cost recovery for the Project would be brought for OEB consideration in its next rates rebasing application.

The OEB accepts Union's rationale for not conducting an economic analysis. The OEB will require a report from Union on the actual costs of the Project in its next rates rebasing proceeding, as shown in the attached Conditions of Approval. The OEB will then consider, in that proceeding, the prudence of those costs for inclusion in Union's rate base.

---

## ENVIRONMENTAL ASSESSMENT

As the Project involves the replacement of two segments of the existing pipeline in the same location, there is no rationale to assess alternative routes. The existing pipeline segments will either be removed from the ground or abandoned in place. Union confirmed it will follow the Technical Standards & Safety Authority (TSSA) Abandonment Checklist.

Union prepared an Environmental Protection Plan (EPP) which included an Environmental Report (ER) completed on behalf of Union by Azimuth Environmental Consulting Inc. In accordance with the OEB's *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines in Ontario, 2011* (OEB Environmental Guidelines) Union filed the EPP with the OEB and provided it for review to the members of the Ontario Pipeline Coordinating Committee (OPCC), municipalities, Conservation Sudbury (Nickel District Conservation Authority), affected agencies, First Nations and Métis communities. There are no outstanding issues or concerns raised in the EPP review. Union noted that it would provide the results of the archeological assessment to the notified First Nations and Métis communities, when completed, upon request.

The ER stated that the identified mitigation and restoration measures will be implemented in adherence to the OEB Environmental Guidelines. The implementation of the mitigation and restoration measures will be monitored through Union's environmental inspection program.

The OEB finds that Union's EPP adequately addressed the environmental issues. The OEB will impose Conditions of Approval relating to environmental mitigation and construction monitoring and reporting.

---

## ABORIGINAL CONSULTATION

The OEB's Environmental Guidelines require that proponents identify and engage with any Aboriginal groups that might be impacted by the proposed project. To initiate the consultation Union notified the following First Nations and Métis communities potentially affected by the Project: Wahnapiataie First Nation, White Fish First Nation, Region 5 Métis Nation of Ontario, Sudbury Métis Nation of Ontario (the Notified First Nations and Métis).

As per the OEB's letter of direction, dated February April 1, 2016, Union served the Notice of Application on the Notified First Nations and Métis. None of the Notified First Nations and Métis requested intervenor status in this proceeding.

Union stated that it did not receive any comments from the Notified First Nations and Métis and that it followed up by phone calls with offers to meet in person, after the Project is approved.

The OEB is satisfied that the duty to consult has been sufficiently discharged for the Project as of the time of this approval.



---

## LAND MATTERS

According to Union all land rights required for the Project, except one permanent and one temporary easement agreement, have been finalized. Union confirmed that all necessary permanent and temporary land rights will be acquired in time for construction commencement.

Section 97 of the OEB Act requires Union to satisfy the OEB that it has offered or will offer to each owner of land affected by the pipeline route an agreement in a form approved by the OEB. Union filed the form of easement agreement it has offered to the affected landowners. The form of the easement agreement provided in the evidence of this application is the same as the one the OEB approved in the Dawn Parkway 2016 System Expansion application.<sup>1</sup>

The OEB finds that Union has adequately addressed land issues associated with the Project.

---

<sup>1</sup> EB-2014-0261

---

## ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Union Gas Limited is granted leave, pursuant to subsection 90(1) of the OEB Act, to construct approximately 700 metres of nominal size 12 inch diameter steel pipeline and approximately 150 metres of nominal size 12 inch diameter steel pipeline plus ancillary facilities to replace the existing pipeline segments in the City of Greater Sudbury, as described in its application. Leave to construct is subject to the Conditions of Approval set forth in Schedule B.
2. The Industrial Gas Users Association shall file its claim for costs in accordance with the OEB's Practice Direction on Cost Awards with the OEB by **July 21, 2016** and copy Union Gas Limited.
3. Union Gas Limited may make a submission regarding the Industrial Gas Users Association's claim for costs by **August 4, 2016**.
4. Union Gas Limited shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

**DATED** at Toronto July 7, 2016

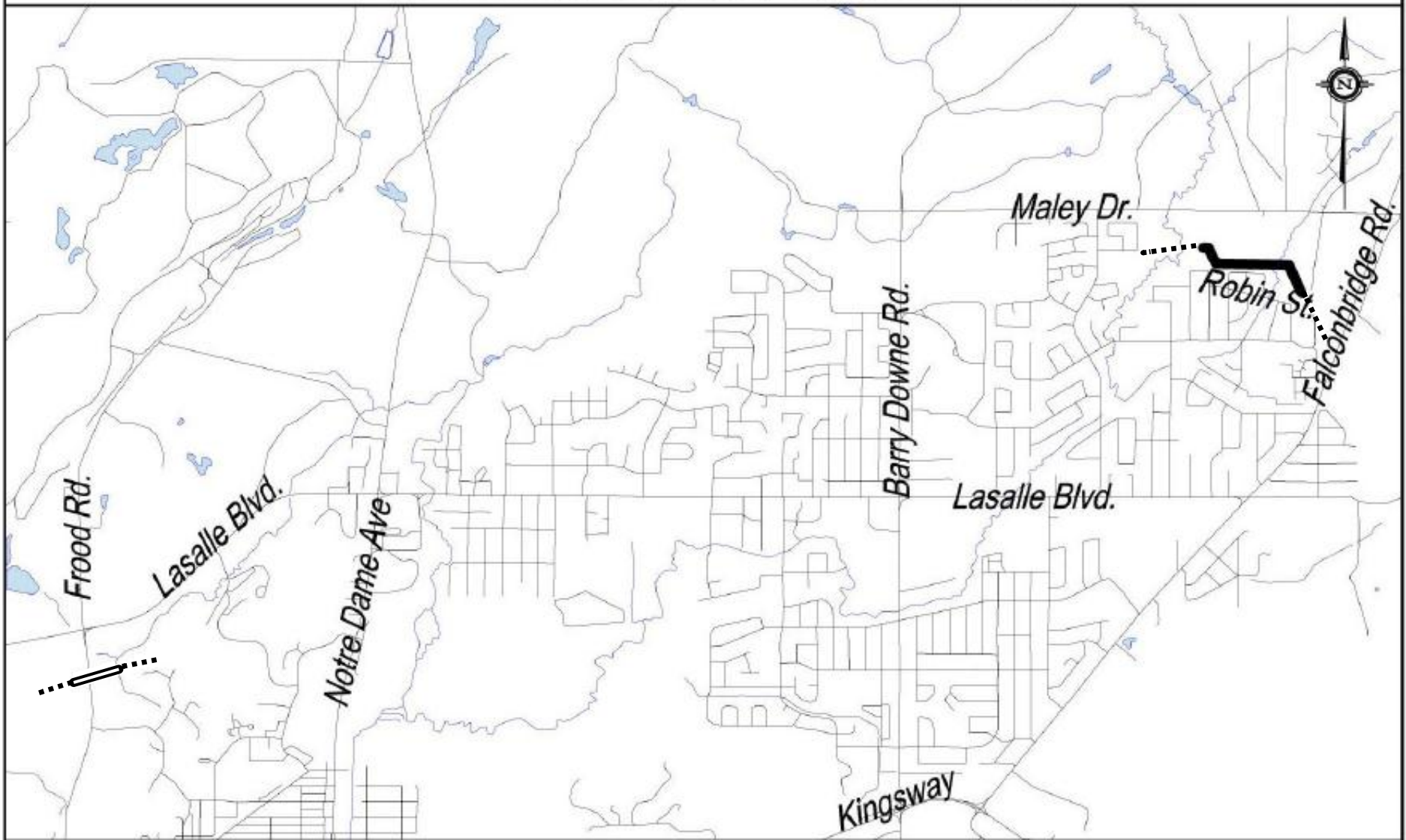
**ONTARIO ENERGY BOARD**

*Original Signed By*




Kirsten Walli  
Board Secretary

**SCHEDULE A**  
**DECISION AND ORDER**  
**UNION GAS LIMITED**  
**EB-2016-0122**  
**July 7, 2016**

# Union Gas Limited 2016 Sudbury Replacement Project



## Legend:

-  Proposed Replacement Pipeline Segment One
-  Proposed Replacement Pipeline Segment Two
-  Existing Pipeline

**SCHEDULE B**  
**DECISION AND ORDER**  
**UNION GAS LIMITED**  
**EB-2016-0122**  
**JULY 7, 2016**

**Leave to Construct Conditions of  
Approval  
Application under Section 90 of the  
OEB Act**

**Union Gas Limited**

**EB-2016-0122**

1. Union Gas Limited (Union) shall construct the facilities and restore the land in accordance with the OEB's Decision and Order in this proceeding and these Conditions of Approval.
2. (a) Authorization for leave to construct shall terminate 12 months after this Decision and Order is issued, unless construction has commenced prior to that date.  
  
(b) Union shall give the OEB notice in writing:
  - i. of the commencement of construction, at least ten days prior to the date construction commences;
  - ii. of the planned in-service date, at least ten days prior to the date the facilities go into service;
  - iii. of the date on which construction was completed, no later than 10 days following the completion of construction; and
  - iv. of the in-service date, no later than 10 days after the facilities go into service.
3. Union shall implement all the recommendations of the Environmental Report filed in the proceeding, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee review.
4. Union shall advise the OEB of any proposed change to OEB-approved construction or restoration procedures. Except in an emergency, Union shall not make any such change without prior notice to and written approval of the OEB. In the event of an emergency, the OEB shall be informed immediately after the fact.
5. Union shall file, in the proceeding where the actual capital costs of the project are proposed to be included in rate base, a Post Construction Financial Report, which shall indicate the actual capital costs of the project and shall provide an explanation for any significant variances from the cost estimates filed in this proceeding.

6. Both during and after construction, Union shall monitor the impacts of construction, and shall file with the OEB one paper copy and one electronic (searchable PDF) version of each of the following reports:
  - a) a post construction report, within three months of the in-service date, which shall:
    - i. provide a certification, by a senior executive of the company, of Union's adherence to Condition 1;
    - ii. describe any impacts and outstanding concerns identified during construction;
    - iii. describe the actions taken or planned to be taken to prevent or mitigate any identified impacts of construction;
    - iv. include a log of all complaints received by Union, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions; and
    - v. provide a certification, by a senior executive of the company, that the company has obtained all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project.
  - b) a final monitoring report, no later than fifteen months after the in-service date, or, where the deadline falls between December 1 and May 31, the following June 1, which shall:
    - i. provide a certification, by a senior executive of the company, of Union's adherence to Condition 3;
    - ii. describe the condition of any rehabilitated land;
    - iii. describe the effectiveness of any actions taken to prevent or mitigate any identified impacts of construction;
    - iv. include the results of analyses and monitoring programs and any recommendations arising therefrom; and
    - v. include a log of all complaints received by Union, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions.