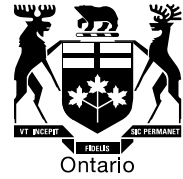


**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL

September 23, 2016

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
BoardSec@ontarioenergyboard.ca

Dear Ms. Walli:

**Re: Union Gas Limited (Union)
Sudbury Maley Pipeline Replacement Project
OEB Staff Interrogatories
Board File No. EB-2016-0222**

In accordance with Procedural Order #1, please find attached OEB Staff's interrogatories in the above noted proceeding. The applicant has been copied on this filing.

Union's responses to interrogatories are due on October 7, 2016.

Yours truly,

Original Signed By

Daniel Kim
Advisor

Encl.

OEB STAFF INTEROGATORIES

Sudbury Maley Drive Pipeline Replacement Project – Union Gas Limited

EB-2016-0222

General

1. Please confirm that Union has a current, unexpired, certificate of public convenience and necessity, issued by the OEB, with the City. If so, please provide a copy.
2. The newest edition of the OEB's Environmental Guidelines, dated August 2016, recommends a sequence of steps in the preparation of an Environmental Report (ER). OEB staff observed that there is no mention of the Ontario Pipeline Coordinating Committee (OPCC) in the ER or the application.
 - a) Has the ER been circulated to the OPCC for input into the routing or siting of the proposed project? If not, please provide Union's rationale for not circulating the ER to the OPCC.
 - b) If Union's answer to question a) is yes, what were, if any, the comments from the OPCC? Please provide copies of all comments from and correspondence with the OPCC.
 - c) If the ER was not reviewed by the OPCC, please explain in detail what type of agency consultation was conducted. Please provide copies of all correspondence between Union and those that were contacted through this consultation.
3. Ref: Application, page 1 of 10

Union is proposing to replace and upsize approximately 1955 metres of NPS 10 pipeline and replace 854 metres of NPS 12 pipeline.

- a) What is the estimated useful life left on the existing NPS 10 and NPS 12 pipeline?
- b) What is the net book value of the existing NPS 10 and NPS 12 pipeline?
- c) Does the abandonment of the NPS 10 and/or NPS 12 pipeline have any significant impacts from an accounting perspective? What will be the accounting treatment of abandoning this asset?
- d) What are the rate consequences for customers from the abandonment of the existing pipeline and the adoption of a new one? Please describe the changes in revenue requirement by element.

4. Ref: Schedule A

Union provided a map of the proposed project.

- a) Please provide an updated map which shows the proposed pipeline and the potential route where the Maley Drive expansion is to take place

5. Ref: Schedule 3, pages 1 and 2 of 2

Project Relocation Requests were made on April 18, 2016 by David Shelsted.

- a) Please confirm David Shelsted's position within the City and his authority to make a request on behalf of the city.
- b) Is there any other supporting evidence and/or documentation from the City requesting Union to move its existing pipelines?

Proposed Facilities

6. Ref: Application, page 2 of 10

Union reviewed the proposed growth forecasts for the Sudbury area to determine if increasing the size of these pipelines would be a benefit to the system. Based on proposed growth, in Sudbury and the surrounding area, Union determined to increase the size of the NPS 10 pipeline to NPS 12 throughout the entire area.

- a) Please provide supporting evidence for the growth forecasts for the Sudbury area used by Union in its analysis.
- b) How did Union incorporate impacts of Cap and Trade, Ontario's CCAP and DSM in growth forecasts for the Sudbury area?

7. Ref: Application, page 3 of 10

Union noted that in consideration for future potential development along the route, the proposed pipeline is designed to meet Class 3 location requirements.

- a) Please provide the classification definitions used to determine the class location requirements for the proposed pipeline.

Project Cost & Economics

8. Ref: Schedule 15, Environmental Protection Plan, Page 4 of 98

It is indicated that determination of the route alternatives were conducted in January 2016.

- a) What route alternatives were considered when first approached by the City?
- b) Please provide in a matrix format a comparative assessment of all alternatives considered. For each alternative provide: incremental capacity, cost, in-service date, and any other assessment criteria used in the evaluation.

9. Ref: Application, page 3 of 10

Union indicated that a discounted cash flow (DCF) has not been completed for this project as the project is underpinned by the move order received from the City.

- a) Please provide a completed DCF report for each alternative Union considered when it received the move order from the City.
- b) If the DCF is not applied for economic feasibility assessment of the project, please provide the methodology for comparing alternatives.

10. Ref: Application, page 3 of 10

The estimated project costs are approximately \$6,303,741. A detailed breakdown was provided by Union.

- a) Please provide the approximate incremental costs associated with replacing the existing NPS 10 pipeline with a new NPS 10 pipeline, instead of the proposed NPS 12 pipeline.

11. Ref: Schedule 3, pages 1 and 2 of 2

In each of the Project Relocation Requests, under the cost of estimate for the work, it is noted that the City's estimated contribution for the project is \$296,207 and \$4,432,720 (excluding HST).

- a) Please confirm what the estimated capital contributions from the city will be.
- b) Are there any other anticipated capital contributions that are not mentioned in the application?

Abandonment of Existing Pipeline

12. Ref: Application, page 5 of 10

Union indicated that the majority of the pipe will be abandoned in place with appropriate mitigation measures. It is expected that the section of pipe remaining in the ground will be approximately 1064 metres in length of NPS 10 and 233 of metres of NPS 12 pipeline.

According to updated CSA Z662-15 “Oil and Gas Pipeline Systems” clause 10.16, which sets the requirements for pipelines abandonment, a documented abandonment plan is required.

- e) Did Union prepare abandonment plans, as required under the CSAZ663 section 10.16.1, that address the method of pipeline abandonment Union proposed for the project? If so, please file executive summary of the plans. If no, please describe how will Union adhere to the requirements of section 10.16 of the CSA Z662-15 and indicate when will the pipeline abandonment plans be completed.

Blasting

13.Ref: Schedule 8, Construction and Maintenance Manual, page 2 of 6

It is noted in this section that “Blasting is not permitted within 5 m of an existing operating pipeline without a consultant’s recommendation and Pipeline and Station Operations Engineering written approval.

- a) Please confirm that Union will not be blasting within 5 m of an existing operating pipeline.
- b) If Union will be blasting within 5 m of an existing operating pipeline then please confirm that Union has received a consultant’s recommendation and Pipeline and Station Operations Engineering written approval.
- c) What will be Union’s communication program with respect to blasting with potentially affected landowners and the surrounding community?

Land Matters

14.Ref: Application, page 6 to 8 of 10

Union noted that the three landowners affected by the proposed project will be the City, Conservation Sudbury, and Vale Inco Limited.

- a) Please confirm there are no other landowners affected by the proposed project besides the three mentioned above.
- b) What is the current status and prospect of negotiations with all the landowners of properties where permanent easements and temporary land rights are needed?

Duty to Consult

15.Ref: Application, page 10 of 10

Union noted that it has notified Chief Ted Roque, Wahnapiataie First Nation, Chief Steve Miller, Whitefish First Nation, Councillor Juliette Denis, Region 5 Métis Nation of Ontario and Steve Sarrazin, LRC Coordinator Sudbury Métis Nation of Ontario about the proposed project. Union indicated that it will continue to meet and consult with the First Nations and Métis organizations noted above.

- a) Since the application was filed, were there any new issues and concerns raised by the consulted communities? If so, how is Union addressing and resolving the concerns and issues?

Conditions of Approval

16. Union applied for an OEB order for leave to construct facilities under section 90 of the OEB act.

- a) Please comment on the attached OEB staff proposed draft conditions of approval and for section 90 order. Please note that these conditions are standard conditions and are a draft version subject to additions or changes.

Draft
Leave to Construct Conditions of Approval
Application under Sections 90 of the
OEB Act
Union Gas Limited
EB-2016-0222

1. Union Gas Limited (Union) shall construct the facilities and restore the land in accordance with the OEB's Decision and Order in EB-2016-0222 and these Conditions of Approval.
2.
 - a) Authorization for leave to construct shall terminate 12 months after the decision 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 10 days prior to the date construction commences;
 - ii. of the planned in-service date, at least 10 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 Protection Report filed in the proceeding.
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 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 of 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 15 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.