

UNION GAS LIMITED

2018 SUDBURY REPLACEMENT PROJECT

EB-2017-0180

ONTARIO ENERGY BOARD (OEB) STAFF INTERROGATORIES

Interrogatory # 1

Ref: Evidence page 1, paragraphs 1 and 4, page 5-6, paragraphs 20-24: "Growth"

Preamble:

The 2018 Sudbury Replacement Project (Project) involves replacement of two sections of the existing 10 inch diameter pipeline with a 12 inch diameter pipeline. The Project need is primarily to address integrity issues and to an extent to provide additional capacity to the system by upsizing the new pipeline. Union Gas estimated that the increased capacity will be about 5% of the total capacity of the Sudbury System. Union Gas noted that the Project is a continuation of 3 previous Sudbury system replacement projects approved by the OEB (EB-2015-0042; EB-2016-0122, and EB-2016-0222).

Questions:

- a) Please discuss the anticipated timeline for acquiring new loads by customer class (general service growth and contract customers) to be served by the incremental capacity related to upsizing the proposed pipeline.
- b) Is the existing 10 inch pipeline at full capacity? How much of the total new 12 inch pipeline capacity is a replacement of the existing 10 inch pipeline capacity?
- c) How much of the total new 12 inch pipeline capacity (including incremental 10,488 m³/hour) does Union Gas forecast using in the next 10 years?
- d) Has Union Gas incorporated in forecast demand over the next 10 years the ongoing and anticipated decline in customer usage as a result of Ontario government's Cap and Trade Program and the Climate Change Action Plan?

Interrogatory # 2

Ref: Evidence page 1, paragraphs 1 and 4, pages 5-6

Preamble:

Union Gas noted that the Project is a continuation of 3 previous Sudbury system replacement projects approved by the OEB (EB-2015-0042; EB-2016-0122, and EB-2016-0222).

Questions:

- a) Please discuss and explain Union Gas' approach to regional planning of its Sudbury System expansion and replacement.
- b) Did Union Gas consider filing a single application requesting approval of the 4 replacement/expansion projects (i.e. EB-2015-0042; EB-2016-0122; EB-2016-0222; EB-2017-0180)? If not, why not? Please discuss if such a comprehensive approach could be more effective in terms of planning incremental system capacity.
- c) Please indicate how much incremental capacity was provided to the Sudbury system by each of the three approved and completed Sudbury replacement projects (EB-2015-0042; EB-2016-0122, and EB-2016-0222).

Interrogatory # 3

Ref: Evidence page 7, paragraph 32, pages 7-8, paragraphs 31-32: "Project Cost and Economics"

Preamble:

Union Gas estimated the total capital costs for the Project at \$74M. Union Gas stated that the incremental estimated cost of upsizing the pipeline from 10 inch to 12 inch diameter is \$1.5 M. Union Gas did not complete a Discounted Cash Flow (DCF) analysis for the Project, explaining that this Project is needed to address primarily the integrity issues and that the cost of the upsizing is not significant. Union Gas also explained that the upsize will provide incremental capacity for new, anticipated contracts (not acquired at this time). Union Gas also indicated that the increase in pipeline size will decrease the pipeline maintenance costs.

Questions:

- a) Please provide a breakdown of capital costs for comparable projects currently in-service and recently approved by the OEB.
- b) Please indicate the timing and the method for recovery of the construction costs for the Project.
- c) Is the estimate of \$ 1.5 M incremental cost based on the assumption that all costs (except materials) will be the same regardless of the difference in diameter of the replacement pipeline?
- d) Please discuss if the increased size of the replacement pipeline affects the requirements for new easements?
- e) Please explain the approach to recovering the of \$1.5 M estimated costs associated with upsizing the pipeline.
- f) Given that the considerable length of the existing pipeline in the rest of the Sudbury System will still be 10 inch diameter; does Union expect a significant decrease in maintenance costs from the Project? What is the estimated reduction in maintenance cost resulting from the Project?

Interrogatory # 4

Ref: Evidence pages 15-16, paragraphs 63-67 "Landowners", Schedule 10, Schedule 11 "Pipeline Easement"

Preamble:

Details about type, size and location of all required easements are in Schedule 10 of the evidence. In addition to land rights, Union Gas will also need to obtain various crossing permits.

Union Gas indicated that the Coniston to Frood section requires 61 temporary land use easements, eight new permanent easements and possibly two new permanent easements for crossing Hydro One owned lands.

For the Azilda to Waldon section, Union Gas needs permanent and temporary easements along the entire segment.

According to section 97 of the *Ontario Energy Board Act, 1998* (OEB Act), "In an application under section 90, 91 or 92, leave to construct shall not be granted until the applicant satisfies the Board that it has offered or will offer to each owner of land affected by the approved route or location an agreement in a form approved by the Board." Union Gas will therefore require the OEB's approval of the form of easement agreement that it has offered or will offer to the affected landowners.

Union Gas stated that for 3 areas along the Azilda to Waldon section the exact location of the final easement will be determined after construction of the pipeline is completed. Union has stated that based upon previous discussions with Vale, who is the only landowner affected by this matter, it does not anticipate landowner objections to this approach.

Questions:

- a) Please confirm that the entire Project is located within the boundaries of the Greater City of Sudbury.
- b) What is the current status and prospect of communication and negotiations with all the landowners of properties where permanent easements and temporary land use rights are needed?
- c) What is the status of acquiring the crossing permits and other approvals Union Gas needs to complete the construction of the Project?
- d) Is the form of easement agreement Union Gas has offered or will offer to all directly affected landowners approved by the OEB and if so in which proceeding?
- e) In the form of easement agreement in in the evidence the consideration is set at \$2. Please confirm that \$2 is put in essentially as a placeholder, and that the actual amount of compensation will be different subject to negotiations with the landowners.
- f) Please explain Union Gas' approach to obtaining land rights for areas along the Azilda to Waldon section where the exact locations of the required land will not be known until construction is completed. Please confirm that Vale is the only affected landowner in these 3 areas?

Interrogatory # 5

Ref: Evidence, Schedule 9 "Map of Pipeline Route and Land Rights Required"
page 47-48 , Schedule 10

Preamble:

The maps in the Schedule 9 do not indicate the location of the existing pipeline. Also, there are certain areas where there is no clarity regarding the easements location or does not to match the listing of easements in Schedule 10.

Questions:

- a) Please mark the location of the existing pipeline on the maps included in the evidence.
- b) The proposed pipeline in the map seems close to a house on Dorchester Crescent but this location is not listed in Schedule 10. Please explain and reconcile.
- c) There also seems to be an easement going through a house on Agincourt Avenue. Please explain.
- d) The map on page 48 shows an easement that seems to go right across the driveways of homes on Brookview Glen. However Brookview Glen is not listed in Schedule 10. Please explain.

Interrogatory # 6

Ref: Evidence Schedule 13," Letter by the Ministry of Energy to Union Gas, dated September 29, 2016", Schedule 14 "Indigenous Consultation Report, 2018 Sudbury Replacement Project "

Preamble:

The 2016 edition of the OEB Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario (OEB Environmental Guidelines) sets out new streamlined procedures and protocols for Indigenous consultation and the duty to consult on natural gas pipeline projects that are subject to the OEB's approval. Union Gas is required to adhere to these procedures and protocols and to file the required documentation with the OEB as part of its evidence in support of its application.

July 13, 2017

In a letter dated September 29, 2016 the Ministry of Energy stated that it "...is unable to make a definitive assessment as to whether or not the duty to consult is triggered..."

Questions:

- a) Please comment on the statement by the Ministry of Energy in Schedule 13 "...is unable to make a definitive assessment as to whether or not the duty to consult is triggered..." and indicate if there is any additional communication from the Ministry of Energy regarding the determination if the duty to consult is triggered and if the Ministry formally delegated the duty to consult to Union Gas.
- b) What other documents (related to the Duty to Consult delegation and environmental assessment) does Union Gas anticipate the Ministry will issue to Union Gas in accordance with the OEB Guidelines?
- c) What is the expected timing of Union Gas filing these documents with the OEB?
- d) Please provide an update on any Indigenous consultation undertaken since the application was filed. Identify any concerns raised in the consultation and describe how Union Gas is planning to address any concerns raised by First Nations and Métis affected by the proposed project.

Interrogatory # 7

Ref: Evidence page 13, paragraph 55 "Environmental", Schedule 8, "2018 Sudbury Replacement Project: Environmental Report"

Preamble:

An Environmental Report (ER) was prepared by AECOM on behalf of Union Gas. The ER was completed in accordance to with OEB Environmental Guidelines. The ER was provided to members of the Ontario Pipeline Coordinating Committee (OPCC) for review and comments on April 13, 2017. So far, no comments from the OPCC review are included in the evidence.

Question:

Please file a summary of comments and concerns received from the public consultation and the OPCC review, as well as Union Gas' responses and planned actions to mitigate each of the issues and address each of the concerns.

Interrogatory # 8

Ref: Evidence page 12, paragraph 49

Preamble:

Union Gas stated that blasting and/or hoe-ramming is expected to be required and dewatering of swamps or wet areas may also be required.

Questions:

- a) Discuss the regulatory safety requirements and procedures that Union Gas will have to follow in the event of blasting during construction of the Project.
- b) Referring to the photomosaic route maps in the evidence please identify the locations of areas where blasting may be required.
- c) Describe the measures that Union Gas will take to ensure safety of affected locations.
- d) Regarding dewatering of swamps and wet areas describe the requirements that will have to be followed and identify agencies or other authorities that Union Gas will have to contact to obtain permits.

Interrogatory # 9

Ref: Evidence page 1, paragraph 1

Union Gas applied for leave to construct facilities under section 90(1) of the OEB Act. If Union Gas does not agree to any of the draft conditions of approval noted below, please identify the specific conditions that Union Gas disagrees with and explain why.

For conditions in respect of which Union Gas would like to recommend minor changes, please provide the proposed changes.

Draft
Leave to Construct Conditions of Approval
Application under Section 90 of the OEB Act
Union Gas Limited
EB-2017-0180

1. Union Gas Limited (Union Gas) shall construct the facilities and restore the land in accordance with the OEB's Decision and Order in EB-2017-0180 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 Gas 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 Gas 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 Gas shall advise the OEB of any proposed change to OEB-approved construction or restoration procedures. Except in an emergency, Union Gas 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 Gas 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 Gas 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 Gas' 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 Gas, 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, licenses, 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 Gas' 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 Gas, including the date/time the complaint was received; a description of the complaint; any actions taken to address the complaint; and the rationale for taking such actions.