

BY COURIER ONLY

January 20th, 2009

Mr. Neil McKay,
Manager, Facilities
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Mr. McKay:

**Re: Union Gas Limited
Johnstown Ethanol Plant Pipeline Project
Board File # EB-2007-0079**

Pursuant to Condition 3.1 of the Board's Conditions of Approval for the above-noted project, please find enclosed four copies of Union's Interim Monitoring Report.

Sincerely,

Mary Jane Patrick
Administrative Analyst, Regulatory Projects
Encl.

cc: Z. Crnojacki (Chair, OPCC)
Rob Marson
G. Marvel

**JOHNSTOWN ETHANOL PLANT PIPELINE
PROJECT**

INTERIM MONITORING REPORT

Prepared by: Union Gas Limited
Environmental Planning
February 2009

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1.0 INTRODUCTION

This Interim Monitoring Report is provided in compliance with the Ontario Energy Board (“Board”) Order EB-2007-0079 granting Union Gas Limited (“Union”) “Leave to Construct” the Johnstown Ethanol Plant Pipeline Project. The pipeline consists of approximately 6.5 km of NPS 4 inch (114.3 mm Outside Diameter) natural gas pipeline and is located in the Townships of Augusta and Edwardsburgh/Cardinal in Leeds & Grenville County. The pipeline originates at an existing station on the TransCanada Pipeline located on Edward Street north and west of Prescott; runs south-east along Edward Street; turns north-east along Cedar Grove Road; turns south along the CPR railroad right-of-way; passes under Highway 401; parallels highway 401; turns south-east along the proposed extension of Pirelli Road, and enters the Johnstown Ethanol Plant along an existing section of Pirelli Road. A map showing the location of the pipeline route is included in Appendix A.

The requirements for and details of this report are outlined in the conditions issued by the Board in its Order EB-2007-0079 dated October 9 2007. The Conditions of Approval can be found in Appendix B. Accordingly, the purpose of this Interim Monitoring Report is to fulfill these conditions.

2.0 BACKGROUND

Union was granted approval to construct the Johnstown Ethanol Plant Pipeline Project on October 9, 2007. Construction was first initiated on February 27, 2008 with tree clearing and rock removal. These activities were completed by April 4, 2008. Union returned May 27, 2008 to complete the remaining components of construction and the pipeline was available for service on September 1, 2008.

Construction progressed for the most part from the existing station located on Edward Street to the Johnstown Ethanol Plant with the following order of operations: fence opening, clearing, grading stripping, welding, joint coating, trenching, lowering-in, tie-ins, backfilling, testing and clean-up.

Union will return to the right-of-way in spring 2009 to complete the following activities: check the entire right-of-way for subsidence, check all water crossings to ensure there is adequate stability and vegetation growth, check for areas along the right-of-way that may need reseeding, perform a general overview of the right-of-way and complete any additional clean-up that may be required.

3.0 POTENTIAL IMPACTS AND MITIGATION

3.1 Condition 1.1

Union Gas Limited (“Union”) shall construct the facilities and restore the land in accordance with its application and evidence filed in EB-2007-0079, except as modified by this Order and these Conditions of Approval.

Union has complied with all conditions imposed by the Board during construction of the pipeline and has also restored the land according to the evidence in support of its application. A series of photographs located in Appendix C show some construction activities and the condition of the ROW along certain sections following clean up.

3.2 Condition 1.3

Except as modified by this Order, Union shall implement all the recommendations of the Environmental Study Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee (“OPCC”) review.

Union has implemented all recommendations and mitigation measures outlined in the Environmental Study Report along with all directives identified by the OPCC.

3.3 Condition 1.4

Union Gas shall advise the Board’s designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Union Gas shall not

make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.

There were no changes to construction or restoration procedures.

3.4 Condition 2.4

Union shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Board's Order.

This interim monitoring report shall confirm that the work has been performed according to the Board's Order.

3.5 Condition 3.1

Both during and after construction, Union shall monitor the impacts of construction, and shall file four copies of both an interim and final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date and the final monitoring report shall be filed within fifteen months of the in-service date. Union shall attach a log of all complaints that have been received to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.

3.5.1 Report Circulation

Four (4) copies of this interim monitoring report have been provided to the Board.

3.5.2 Landowner Concerns

Union's complaint tracking system, which identifies the current status of landowner complaints received as a result of pipeline construction, was in effect. A complaint is identified as a concern raised by a landowner, which has not been resolved to the landowner's satisfaction within three (3) working days.

During construction, a number of concerns were raised to Union and their contractor. These issues were minor in nature and were dealt with by Union or the Contractor in an expeditious manner. As a result, there were no complaints entered into Union's complaint tracking system.

To date there are no outstanding complaints and Union will continue to monitor the state of the land and environment and will address any additional landowner concerns, if they should arise.

3.6 Condition 3.2

The interim monitoring report shall confirm Union's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.

In fulfillment of Condition 3.2, several monitoring programs were implemented which are described below. Also, Table 1 is provided and summarizes the construction effects and general mitigation measures carried out during construction.

3.6.1 Monitoring Programs

Contamination – Abandoned Rail Bed

In response to the potential for encountering contamination on the abandoned Canadian Pacific Railway bed during pipeline construction, an assessment of the existing ground water contaminant level was undertaken by Azimuth Environmental.

The ground water was tested in recognition that the slag and bed materials historically used for railway construction can provide a source of heavy metals or other contaminants that can be released due to weathering. The presence of contaminants in the ground water can be an indicator of the potential environmental and public health risk associated with disturbing the rail bed.

Ground water samples were collected from four test pits along the railway bed from Cedar Grove Road to Highway 401. Samples were tested for volatile organic compounds and water quality parameters under the Ontario Drinking Water Standard (ODWS). Test Pit #4 (at Highway 401) had the only sample to exceed the ODWS for the parameters of lead and barium.

Azimuth Environmental concluded that these minor exceedances of the ODWS did not represent a significant environmental or health related risk and as a result did not recommend additional mitigation.

Water Well Monitoring

A water well monitoring program was initiated as recommended in the Environmental Report. Union's standard water well monitoring program was initiated and Union retained the services of Stantec Consulting Ltd. (Stantec) to undertake an independent well survey and monitoring program.

A total of fifteen (15) residential/private wells were sampled along the pipeline route. Water samples were analyzed for general inorganic water quality parameters and the results were compared to the Ontario Drinking Water Standards (ODWS), which have been established by the Ontario Ministry of the Environment (MOE).

Results indicated that one well exceeded the ODWS Maximum Acceptable Concentration (MAC) for the following health-related parameters: Antimony, Lead, and Nitrate. Upon receiving the results, Stantec directly contacted the resident regarding these exceedances and recommended that the resident complete bacteriological analysis through the Leeds, Grenville & Lanark District Health Unit (LGLHU). Stantec also notified the LGLHU, providing the water quality results and contact information of the resident.

Results also indicated that a number of wells exceeded the ODWS Aesthetic Objective (AO), Operational Guideline (OG) or Medical Officer of Health reporting limit (MOH) for the following parameters: Iron, Sodium, Chloride, Dissolved Organic Carbon, Hardness and Total Dissolved Solids. None of these parameters are a health related risk under the ODWS.

All homes sampled received a thank you letter and the final results of testing. To date there have been no water well complaints.

Watercourse Monitoring

Union implemented a monitoring program for all watercourse crossings along the pipeline route. All crossings were completed by horizontal directional drill and approved by the Department of Fisheries and Oceans, Ministry of Natural Resources and the South Nation Conservation Authority.

Watercourses were protected during and following construction by installing sediment fencing and straw bales. Disturbed areas adjacent to the watercourses (road ditches leading to a watercourse) were seeded following the installation of the pipeline.

Watercourses will be reviewed again in the Spring of 2009.

Wetlands

The wetland area adjacent to the Canadian Pacific Railway was successfully drilled (HDD) in place and was protected during drilling operations and following construction by installing sediment fencing and straw bales between the wet area and the drilling machine. Disturbed areas were seeded and covered with straw to encourage revegetation. This area will again be reviewed for erosion and vegetation growth in the Spring of 2009.

Trees

It was necessary to remove approximately 0.8 hectares of trees primarily south of Hwy 401. Replacement trees native to Ontario will be offered to landowners and will be replaced in the Spring of 2009.

Archaeological Monitoring

Union retained the services of Adams Heritage to carry out a Stage 2 archaeological assessment, as recommended in the Environmental Report. The Archaeological Assessment Report was completed October 9, 2007 and was submitted to the Ministry of Culture.

The report concludes that: “Archaeological survey of the route of the proposed Johnstown Ethanol Pipeline Project did not result in the discovery of any archaeological sites. Development of this pipeline will have no impact on archaeological sites.”

No cultural resources were discovered during construction.

3.7 Condition 5.1

Union shall obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project, shall provide a list thereof, and shall provide copies of all such written approvals, permits, licences, and certificates upon the Board’s request.

The following is a list of environmental approvals, permits, licences and certificates, required to construct, operate and maintain the Johnstown Ethanol Plant Pipeline Project.

South Nation Conservation Authority	Letter of Advice
Ministry of Natural Resources	Letter Approval
Department of Fisheries and Oceans	Letter of Advice

4.0 SUMMARY

This Interim Monitoring Report has been prepared as per conditions in the Board Order EB-2007-0079. The report provides an outline of Union’s compliance with the commitments of its witnesses, the measures implemented during construction to minimize disturbance to the environment and a description of Union’s monitoring programs. It is anticipated that these measures will effectively eliminate any long-term impacts to the environment.

A review of the pipeline route will be undertaken in the Spring of 2009 to determine if any additional clean-up or trench redress is required. Should additional clean-up be required, it will be completed as soon as conditions allow in Spring 2009.

This Interim Monitoring Report will be filed with the Board.

A Final Monitoring Report will be prepared and filed with the Board within fifteen months of the in-service date and will evaluate the success of these measures and outline areas in need of additional restoration.

“Table 1”

Potential Impacts and Mitigation Measures

JOHNSTOWN ETHANOL PIPELINE PROJECT

TABLE 1: MITIGATION SUMMARY		
Issue	Potential Impact	Mitigation
Paved Driveways and Roadways	Disruption to local traffic, landowners and tenants	<ul style="list-style-type: none"> • All paved roadways and driveways were drilled using a horizontal directional drill. • Union maintained one lane of traffic throughout construction. • Traffic controls were implemented as required.
Gravel Driveways and Roadways	Disruption to landowners and tenants	<ul style="list-style-type: none"> • Roadways and driveways were open cut. • Access was provided to landowners and tenants • Driveways were repaired as soon as possible.
Traffic	Disruption to local citizens	<ul style="list-style-type: none"> • At least one lane of traffic was maintained at all times. • Flagpersons and warning devices were used to notify traffic of the construction zone in accordance with Ministry of Transportation standards.
Commercial Businesses	Disruption to businesses	<ul style="list-style-type: none"> • Ensured access at all times. • Restored area as soon as possible after construction.
Public Safety	Public safety concerns	<ul style="list-style-type: none"> • On site company inspectors ensured public safety. • Ensured proper signage and flagpersons.
Construction Noise	Disturbance to landowners and tenants	<ul style="list-style-type: none"> • Construction was carried out during daylight hours. • Ensured equipment was properly muffled.
Nuisance Dust	Disruption to landowners and tenants.	<ul style="list-style-type: none"> • Controlled dust as required.
Construction Equipment	Disruption to landowners and tenants	<ul style="list-style-type: none"> • Equipment was stored off road shoulders when not in use.
Landowner Concerns	Disruption to landowners and tenants	<ul style="list-style-type: none"> • Union, prior to construction, provided landowners and tenants with the telephone numbers of supervisory personnel. • Please see Section 3.5.2 for further detail.
Fences	<p>Disruption to landowners and tenants.</p> <p>Loss of control of animals inside fenced areas.</p>	<ul style="list-style-type: none"> • Landowners and tenants were contacted before any fences were disturbed. • Fences were replaced as soon as possible.
Front Yards	Disruption to landowners and tenants	<ul style="list-style-type: none"> • Landowners and tenants were notified before construction. • Utilized the horizontal directional drill • Restored lawns to original condition.
Mailboxes	Disruption to landowners and tenants	<ul style="list-style-type: none"> • Notify landowners prior to construction if necessary to remove. • Replaced all mailboxes removed during construction with new mailboxes.
Underground Utilities	Disruption of services	<ul style="list-style-type: none"> • Obtained “locates” from all utilities.

JOHNSTOWN ETHANOL PIPELINE PROJECT

TABLE 1: MITIGATION SUMMARY		
Issue	Potential Impact	Mitigation
Archaeology	Disturbance of heritage resources	<ul style="list-style-type: none"> • Completed a Stage I and II archaeological assessment and received clearance from the Ministry of Culture. • No artifacts were found during construction.
Water Wells	Disruption to water supply	<ul style="list-style-type: none"> • Water well monitoring was completed by Stantec Consulting prior to construction. • Union did not receive any water well complaints. • Please see Section 3.6.1 for further detail.
Shallow Soils and Rock Removal	Disruption to landowners and tenants Disturbance to water wells	<ul style="list-style-type: none"> • Removal of rock was completed through winter months using hoe rams and was only necessary south of the 401, well away from residences and water wells.
Trees	Damage to trees	<ul style="list-style-type: none"> • Along road allowance and the abandoned railway trees were avoided. • Trees removed south of the 401 will be replaced as per Union's Tree Replacement Program in the Spring of 2009.
Vegetative Cover	Loss of vegetative cover leading to soil erosion	<ul style="list-style-type: none"> • Restored cover by means of seeding.
Natural Areas	Sedimentation run-off	<ul style="list-style-type: none"> • Straw bales and sediment fencing were installed in various locations along the right-of-way.
Watercourses	Water quality concerns	<ul style="list-style-type: none"> • Union obtained all necessary permits. • Union complied with all conditions of approval of the Ministry of Natural Resources, Conservation Authority and the Department of Fisheries and Oceans.
Road Side Ditches	Water quality concerns	<ul style="list-style-type: none"> • Ensured ditches were returned to pre-construction condition as quickly as possible.
Spills	Public safety issue	<ul style="list-style-type: none"> • There were no reportable spills during this project.
Contamination	Dealing with contaminated materials Public safety issue	<ul style="list-style-type: none"> • The CPR rail bed was investigated for contamination concerns. Azimuth Environmental concluded the rail bed did not represent a significant environmental or health risk. • Please see Section 3.6.1 for further detail.

“Appendix A”

Location Map

“Appendix B”

Conditions of Approval

APPENDIX B

TO BOARD DECISION AND ORDER

IN THE MATTER OF EB-2007- 0079

DATED October 9, 2007

CONDITIONS OF APPROVAL

EB-2007-0079

**Union Gas Limited
Johnstown Ethanol Plant Supply Pipeline
Leave to Construct Application**

Conditions of Approval

Leave to Construct

1 General Requirements

- 1.1 Union Gas Limited ("Union ") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2007-0079, except as modified by this Order and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate December 31, 2008, unless construction has commenced prior to then.
- 1.3 Except as modified by this Order, Union shall implement all the recommendations of the Environmental Study Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee ("OPCC") review.
- 1.4 Union shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Union shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.

2 Project and Communications Requirements

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Facilities.
- 2.2 Union shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfilment of the Conditions of Approval on the construction site. Union shall provide a copy of the Order and Conditions of Approval to the project engineer, within seven days of the Board's Order being issued.
- 2.3 Union shall give the Board's designated representative and the Chair of the OPCC ten days written notice in advance of the commencement of the construction.
- 2.4 Union shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Board's Order.
- 2.5 Union shall file with the Board's designated representative notice of the date on which the installed pipelines were tested, within one month after the final test date.
- 2.6 Union shall furnish the Board's designated representative with five copies of written confirmation of the completion of construction. A copy of the confirmation shall be provided to the Chair of the OPCC.

3 Monitoring and Reporting Requirements

- 3.1 Both during and after construction, Union shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six

months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. Union shall attach a log of all complaints that have been received to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.

3.2 The interim monitoring report shall confirm Union's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.

3.3 The final monitoring report shall describe the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

4 Easement Agreements

4.1 Union shall offer the form of agreement approved by the Board to each landowner, as may be required, along the route of the proposed work.

5 Other Approvals and Agreements

5.1 Union shall obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project, shall provide a list thereof, and shall provide copies of all such written approvals, permits, licences, and certificates upon the Board's request.

5.2 Union shall notify the Board of an executed the Gas Distribution Agreement no later than 10 days after executing the agreement.

“Appendix C”

Photograph Inventory

Johnstown Ethanol Plant Pipeline Project
Interim Monitoring Report



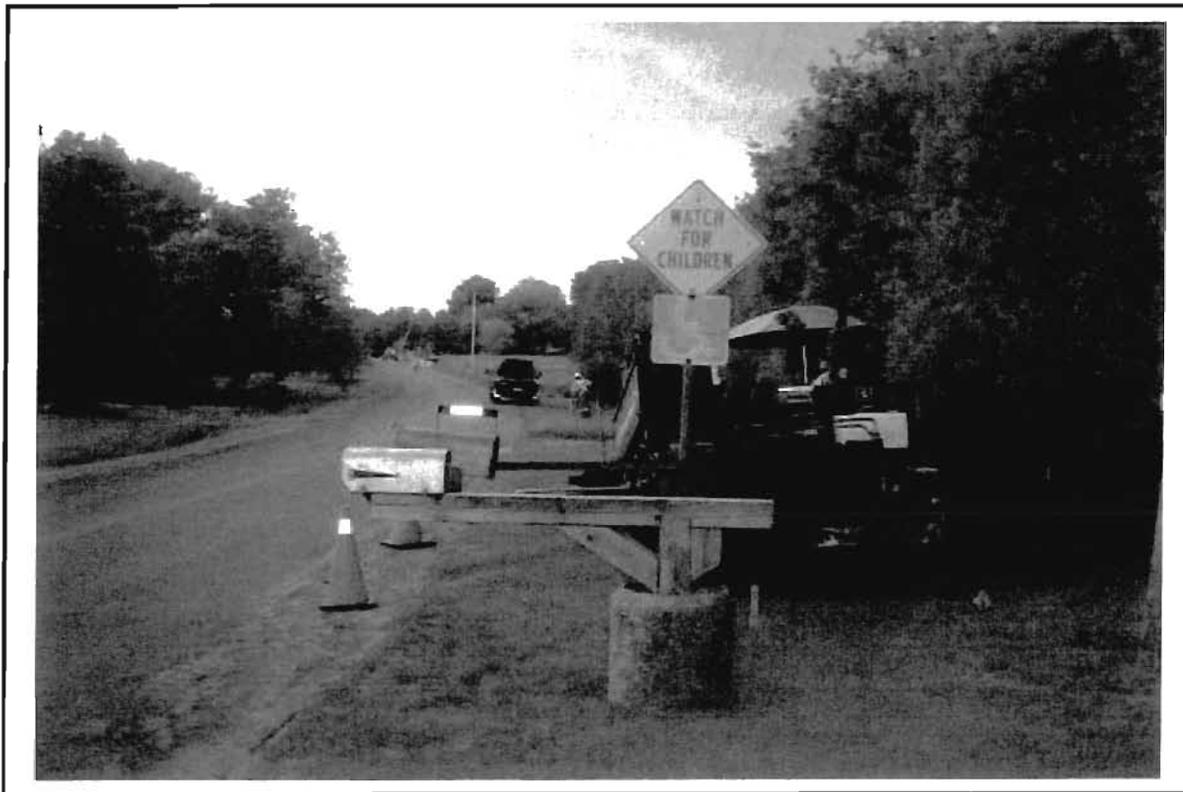
Construction was first initiated in February 2008 south of Hwy 401 with tree clearing (above) and rock removal (below).



Johnstown Ethanol Plant Pipeline Project
Interim Monitoring Report

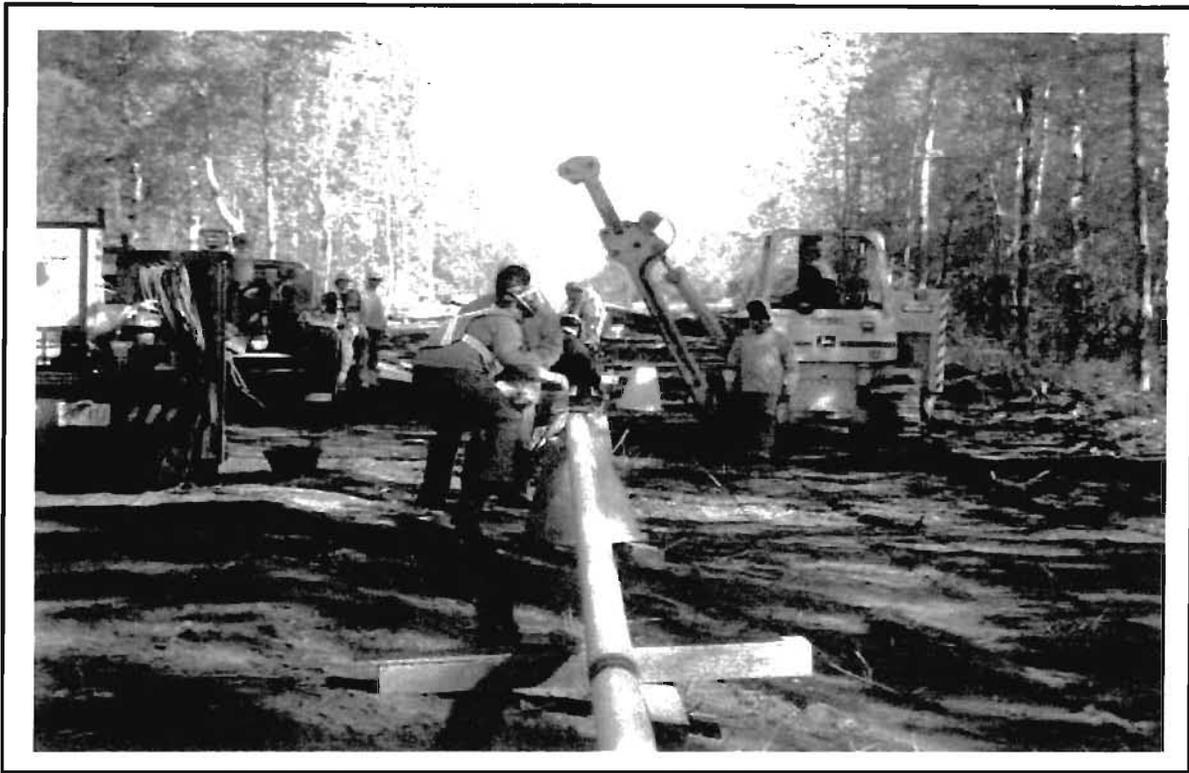


At least one lane of traffic was maintained throughout construction along Edward Street (County Rd 18) and Cedar Grove Road.



Several sections of pipeline along Edward Street (County Rd 18) and Cedar Grove Road were installed using Horizontal Directional Drill.

Johnstown Ethanol Plant Pipeline Project
Interim Monitoring Report



Pipeline south of Hwy 401 in the process of being welded together.



Pipeline along CPR rail bed in the process of being lowered into the excavated trench.

Johnstown Ethanol Plant Pipeline Project
Interim Monitoring Report

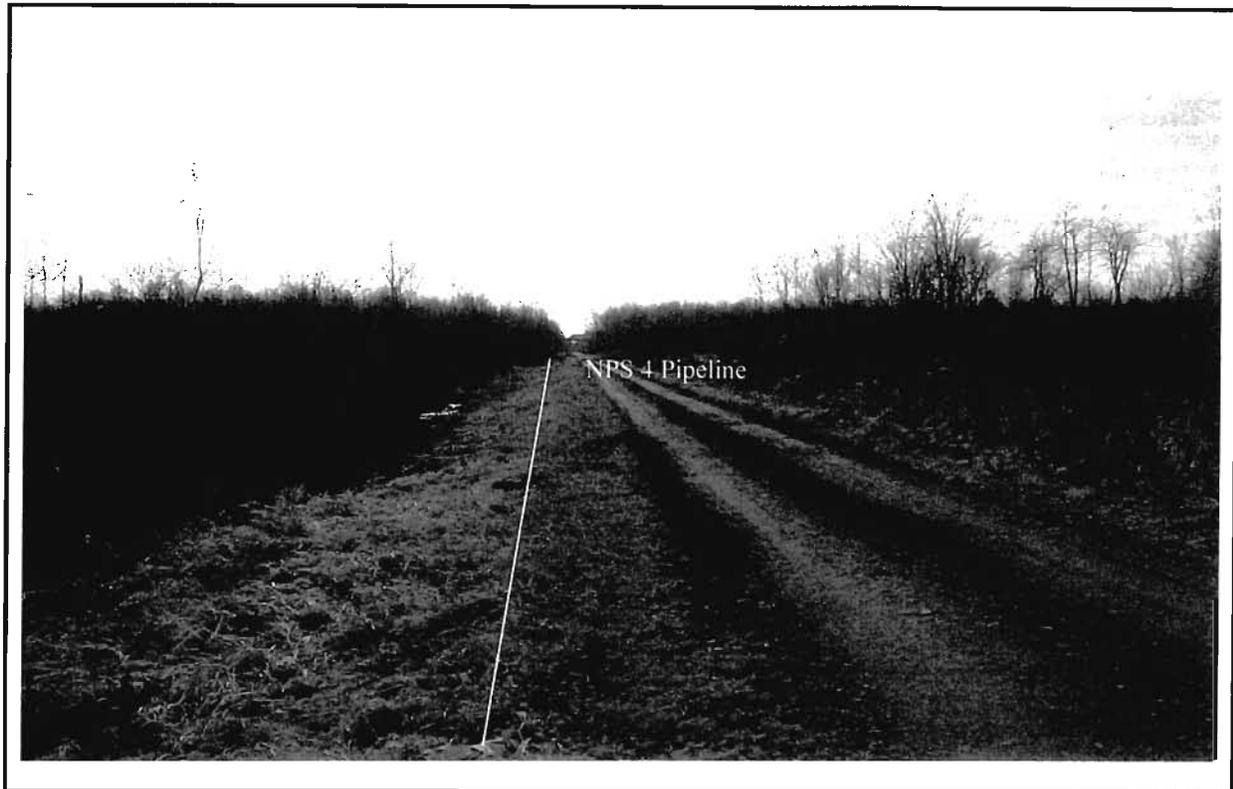


In certain areas along the pipeline route the trench was sand padded first prior to backfilling native material.



Cedar Grove Road following clean-up.

Johnstown Ethanol Plant Pipeline Project
Interim Monitoring Report



CPR rail bed following clean-up.



Easement south of Hwy 401 following clean-up.