



**uniongas**

A Spectra Energy Company

April 27, 2009

By RESS & Courier

Ms. Kirsten Walli, Board Secretary  
Ontario Energy Board  
27<sup>th</sup> Floor, 2300 Yonge Street,  
Toronto, Ontario.  
M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited (“Union”)  
Application for Leave to sell 11.7 km natural gas pipeline to  
a limited partnership being created between Spectra Energy Corp.  
and DTE Pipeline Company  
EB-2008-0411**

Please find attached two copies of Union’s responses to all interrogatories. We confirm that these have also been filed through the RESS today.

In the event you have any questions on the above or would like to discuss in more detail, please do not hesitate to contact me at (519) 436-4601.

Sincerely,

Mark Murray  
Manager, Regulatory Projects and Lands Acquisitions  
Encl.  
:mjp

cc. Nabih Mikhail, Project Advisor, Facilities  
Lillian Ing, Case Administrator  
All Intervenors EB-2008-0411

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**1.0 Jurisdiction**

**Issue 1.1** If the proposed sale is approved, should the St. Clair Line be under the jurisdiction of the Ontario Energy Board (“OEB”) or the National Energy Board (“NEB”)?

**Board Staff Question 1:** Ref. a) Prefiled Evidence/Sec 1/page 3 of 9/Parag. 13

Preamble:

In Ref. a) [Prefiled Evidence/Sec 1/ Parag. 13/page 3 of 9], Union Gas stated that:

13. *In this application, Union is requesting that it be granted leave to sell the St. Clair Line, Union’s assets at the St. Clair Valve Site and related measurement and control equipment located within Union’s St. Clair Line Station to Dawn Gateway LP in the future, after the Dawn Gateway JV has completed all other steps necessary to put Dawn Gateway Line into service, including obtaining all required regulatory approvals and completing construction of the new Bickford to Dawn Line.*

**Question:**

- (i) Please indicate whether it is Union Gas’ intent to sell the St. Clair Line, if the jurisdiction of the Dawn Gateway Line<sup>1</sup> is ultimately determined to be under the provincial jurisdiction of the Ontario Energy Board (“OEB”), except for the portion (873 meters of NPS 24 pipeline from the St. Clair Valve Site to the International Boundary) which is currently under the National Energy Board (“NEB”) Jurisdiction.

**Response:**

As a number of the interrogatories deal with common issues regarding jurisdiction, Union Gas Limited’s (“Union”) relationship with Dawn Gateway LP and possible alternatives to the Dawn Gateway Line, Union provides the following consolidated overview which should assist Board Staff and intervenors with a better understanding of Union’s position with regard to these issues.

**Dawn Gateway Structure**

Spectra Energy Corporation (“Spectra Energy”) and DTE Pipeline Company (“DTE”) are proposing to form a joint venture through various affiliates for the purpose of jointly owning and operating the Dawn Gateway Line as a point to point international pipeline from Belle River

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<sup>1</sup> Dawn Gateway Line includes the Belle River Line, St. Clair River Crossing, St. Clair Line and the new proposed Bickford to Dawn Line.

Mills, Michigan to Dawn. The proposed new pipeline will provide Ontario's market participants with firm access to approximately 124 Bcf of Michigan storage and also provide a new route to access and transport upstream supplies of gas, connecting storage and new supplies to the Dawn Hub.

Although Union is not part of the ownership structure of the joint venture and will not have operational responsibilities for the Dawn Gateway Line, Union has been contracted by Westcoast Energy Inc. ("Westcoast") doing business as Spectra Energy Transmission, (a subsidiary of Spectra Energy), to provide pre-development services related to certain aspects of the Dawn Gateway Line. This includes the negotiation of agreements, preparation of regulatory submissions, consultation with landowners, consultation with environmental consultants, and preparation of engineering designs and associated documentation, subject to, at all times, the direction and control of Westcoast.

If the Dawn Gateway Line proceeds, the joint venture's assets in Canada would be owned by Dawn Gateway LP. Union has agreed to sell the St. Clair Line to Dawn Gateway LP so that the St. Clair Line can form part of the larger Dawn Gateway Line on the condition that all required regulatory approvals are obtained.

It is Union's understanding that Dawn Gateway LP will not complete the purchase of the St. Clair Line if it is ultimately determined that the Dawn Gateway Line is under the jurisdiction of the OEB. The Dawn Gateway Line will only be constructed if it is determined to be an international pipeline, with the Canadian portion being subject to NEB regulation as a Group 2 pipeline.

Union understands that the proposed joint venture has completed an open season and is in the process of securing sufficient market demand to support the new Dawn Gateway Line.

### **Benefits to Ontario Customers**

The Dawn Gateway Line would provide Ontario customers with the following benefits:

- Provide greater access to new and existing storage developments in the Great Lakes region
- Provide increased security of supply for Ontario through increased firm access to Michigan
- Create a point to point transportation service from Belle River Mills, Michigan to Dawn, Ontario
- Promote the continued development of the competitive market for storage services
- Provide an additional supply link to Dawn in order to access emerging gas supplies in the US Rockies, Midwest and LNG deliveries in the Gulf of Mexico
- Provide for the continued development of Dawn as a competitive storage and trading hub
- Create increased liquidity at Dawn which will assist in managing price volatility and benefit all consumers of natural gas in Ontario and other market participants

- Result in a reduction of Union’s rate base and associated rates in 2013 when Union’s rates are next rebased as a result of the sale of the St. Clair Line which is currently underutilized.

In the Natural Gas Electricity Interface Review decision (“NGEIR”), EB-2005-0551, the Board stated that “*it is in the Ontario public interest for storage and storage services to be further developed*”, (NGEIR, p. 63) and “*...further development of storage in Ontario would be of benefit to Ontario consumers in terms of reduce price volatility, enhanced security of supply and an overall enhanced competitive market at Dawn.*” (NGEIR, p. 50).

Moreover, in NGEIR the Board also found that it would also be in the public interest to foster the continued growth and development of Dawn as a major market centre as this would facilitate competition in the sale of gas to users:

#### *4.1 TO FACILITATE COMPETITION IN THE SALE OF GAS TO USERS*

*The Board has worked over time to ensure that Ontario consumers reap the benefits of commodity competition. The Board must continue to pursue this objective and can do so by facilitating the evolution of a robust market in Ontario. The development of the Dawn Hub has brought substantial benefits to consumers in Ontario and to other market participants.*

*The Board concludes that it is in the public interest to maintain and enhance the depth and liquidity of the market at the Dawn Hub as a means of facilitating competition. One way to do this is to encourage the development of innovative services and to ensure access to those services. Choice is the bedrock of competition.*

(NGEIR, p. 44-45)

### **Contracting for Capacity on the Dawn Gateway Pipeline**

All marketing and gas control for the Dawn Gateway Line will be performed by DTE. It is expected that shippers would negotiate with DTE for a single toll for seamless transportation service from Belle River Mills to Dawn. Even though there would be only one toll, shippers will likely enter two contracts, one for the portion of the Line in the US and another for the Canadian portion of the Line. This concept and service is similar to the service offered by Vector Pipelines for transportation on its Chicago to Dawn pipeline.

Union is pursuing contracts for storage capacity in Michigan as well as for capacity on the Dawn Gateway Line to connect that storage to Dawn to support Union’s unregulated storage operations. Both the storage and Dawn Gateway transportation contracts are conditional on the project proceeding.

### **Jurisdiction of Dawn Gateway Pipeline**

As the Dawn Gateway Line will operate as one international pipeline offering a seamless service between the US and Canada on a regular basis, Union understands that the pipeline will be a

federal work and undertaking within the meaning of section 92 (10) (a) of the *Constitution Act, 1867* and as such it would be under the exclusive jurisdiction of the NEB, regardless of who owns the pipeline.<sup>2</sup> While ownership is relevant, it is not determinative.<sup>3</sup> The constitutional test is whether the pipeline or pipelines are being operated in common as a single enterprise providing international services on a continuous and regular basis.<sup>4</sup> In other words, even if Union, rather than Spectra, partnered with DTE, the fact that the Dawn Gateway Line will cross the international border and be operated as a single pipeline used to provide service outside of Ontario means that it must be NEB regulated as a matter of constitutional law.

The Vector Pipeline is an example of an international pipeline that is subject to NEB regulation. Vector Pipeline commences in Chicago, Illinois and terminates at Dawn. It is structured similarly to the proposed Dawn Gateway Line, and the Canadian portion of Vector Pipeline is regulated as a NEB Group 2 pipeline.

### **Tolling**

Union understands that Dawn Gateway LP will not proceed with the construction of the Dawn Gateway Line, and the sale of the St. Clair Line to Dawn Gateway LP will not occur, if the NEB does not order that the Dawn Gateway Line can be operated as a Group 2 pipeline underpinned by contracts secured through an open season bid process. Union understands that the joint venture parties are unable to accept the risks associated with development of the Dawn Gateway Line (such as initial uncontracted capacity, contract non-renewals, system under-utilization, and construction cost overruns) without this type of regulatory framework.

Cost of service regulation, either as a NEB Group 1 pipeline or as an OEB regulated pipeline, would not provide Dawn Gateway LP with a sufficient return to justify the capital requirements to acquire the St. Clair Line and construct the remainder of the Dawn Gateway Line and to manage the current and future risks related to any initial uncommitted capacity and future contract renewals.

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<sup>2</sup> *Saskatchewan Power Corp. v. TransCanada Pipelines Ltd.*, [1979] 1 S.C.R. 297.

<sup>3</sup> *Westcoast Energy Inc. v. Canada (National Energy Board)*, [1998] 1 S.C.R. 322 [“*Westcoast*”] at para. 69.

<sup>4</sup> *Westcoast*, at paras. 45, 49; P.W. Hogg, *Constitutional Law of Canada*, 5<sup>th</sup> ed., vol. 1 (Scarborough, Ontario: Carswell, 2007) at s. 22.7(b).

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**Board Staff Question 2:** Ref. a) Prefiled Evidence/Sec 1/Page 2 of 9/Parag. 9

Preamble:

- (1) As the Dawn Gateway Line would cross the international border, Union expects that the portion of the Dawn Gateway Line that would be located in Ontario would be regulated by the NEB, similar to the pipelines owned by the TCPL and Vector which interconnect with Union's Dawn Compressor Station.
- (2) If under the OEB's jurisdiction it is assumed that the proposed Dawn Gateway Line and the proposed Dawn Gateway LP would have to comply with any OEB approved provisions under the STAR (Storage and Transportation Access Rule).

Questions:

- (i) If under the NEB's jurisdiction, please explain how the proposed Dawn Gateway LP, would ensure non-discriminatory access to all transportation services (including firm transportation services and interruptible transportation services) for all customers on the proposed Dawn Gateway Line (which includes the Belle River Line, St. Clair River Crossing, St. Clair Line and the Bickford to Dawn Line)?
- (ii) If under the NEB's jurisdiction, please explain how the proposed Dawn Gateway LP, would ensure that Union does not receive preferential treatment with regards to transportation services on the Dawn Gateway Line?
- (iii) If under the NEB's jurisdiction, please explain how the proposed Dawn Gateway LP, would ensure a transparent transportation market (i.e., what would be the expected reporting requirements for the proposed Dawn Gateway Line [which includes the Belle River Line, St. Clair River Crossing, St. Clair Line and the Bickford to Dawn Line])?
- (iv) Would these reporting requirements be consistent with the type of reporting required by the Federal Energy Regulatory Commission ("FERC") for interstate pipelines (FERC Regulations, §284.13)? Please explain.

Response:

- (i) to (iv) Union expects Dawn Gateway to make a full NEB application, including orders for consent to purchase the St Clair River Crossing Line from St Clair Pipeline LP and consent to purchase the St Clair Line from Union as well as an NEB Order for Leave to Construct the new Bickford to Dawn Line and operate the entire Dawn Gateway Line.

Questions relating to how Dawn Gateway LP will ensure Union does not receive preferential treatment and how Dawn Gateway LP will ensure a transparent transportation market are the responsibility of Dawn Gateway LP to address in its NEB application. Based on Union's experience as a shipper on other NEB regulated pipelines, Union notes that the NEB supports an "open access" regime including, as illustrations, the following rules and regulations:

- a) Part IV of the NEB Act outlines the responsibilities and filing requirements of the applicant along with the NEB's powers to make orders with respect to all matters relating to traffic, tolls and tariffs. These matters include determination of "*whether or not the traffic is or has been carried under substantially similar circumstances and conditions referred to in section 62, whether in any case a company has or has not complied with the provisions of that section and whether there has, in any case been unjust discrimination within the meaning of section 67*". (Part IV NEB Act, s. 63)
- b) The NEB's accounting and reporting requirements for NEB Group 2 regulated companies are outlined in the Gas Pipeline Uniform Accounting Regulations. In addition, sections 54 and 70(3) of the NEB Act allows the Board to include terms and conditions it deems appropriate when issuing orders approving certificates for facilities and/or transportation of hydrocarbons.
- c) The NEB typically requires a pipeline to offer non-discriminatory transportation service including a fair process (such as an open season) for allocating capacity to shippers. For Group 2 pipelines, the tariff also contains an explanatory note indicating that those who cannot resolve traffic, toll or tariff issues with the pipeline company may file a complaint with the NEB for further review.
- d) The NEB can also conduct compliance audits as part of its monitoring responsibility in order to ensure that regulated companies are complying with the NEB's rules, regulations and prescribed procedures. This audit process is above and beyond the review of shipper complaints.

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**Issue 1.2: If the proposed Dawn Gateway Line is ultimately completed, should it be under the jurisdiction of the OEB or the NEB?**

**Board Staff Question 3:**

- Ref. a) Prefiled Evidence/Sec 1/Parag. 9/page 2 of 9  
b) Board's Decision with Reasons, September 1, 1988 approving Union Gas Limited's application for leave to construct the St. Clair Pipeline (E.B.L.O. 226)/ Section 3.8 - JURISDICTION/pages 102-106/Union submission/paragraphs 3.8.18

Preamble:

- (1) In Ref. a)[ Prefiled Evidence/Sec 1/page 2 of 9/Parag. 9], Union Gas stated that:

*9. As the Dawn Gateway Line would cross the international border it is expected that the portion of the Dawn Gateway Line that would be located in Ontario would be regulated by the NEB, similar to pipelines owned by TCPL and Vector which interconnect with Union's Dawn Compressor Station.*

- (2) In Ref. b)[ Board's Decision with Reasons, September 1, 1988 approving Union Gas Limited's application for leave to construct the St. Clair Pipeline (E.B.L.O. 226)/ Section 3.8 - JURISDICTION/pages 102-106/Union submission/paragraphs 3.8.18], the Board's Decision stated that:

3.8.18

*[Counsel for Union] observed that the NEB, under its statute, exerts authority with respect to the import and export of gas to and from Canada, and it also has the authority, under Parts VI and VI.1 of the NEB Act, to regulate the flow of gas in and out of provinces. Union's point was that Parliamentary jurisdiction extends only to regulating the movement of gas in and out of Canada, and in and out of the provinces, not to regulating local distribution companies.*

**Questions:**

- (i) Please provide the criteria which Union Gas is relying on in its prefiled evidence [see Ref. a), as well as the actual quote in Preamble (1)] to state that the project once completed would be under the NEB jurisdiction;
- (ii) As the St. Clair Line currently connects directly to Michigan through the St. Clair River Crossing, and the proposed sale will lead to no physical changes to this connection, why would the St. Clair Line shift from OEB jurisdiction to NEB jurisdiction after the proposed sale? Is a change in ownership determinative?

**Response:**

(i) & (ii) Please refer to Union's response to Board Staff Question # 1.

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**2.0 Impact on Union's Transmission and Distribution Systems and Union's Customers**

**Issue 2.1** What impact would the proposed change in the ownership and operating control of the St. Clair Line have on the integrity, reliability, and operational flexibility of Union's transmission and distribution systems?

**Board Staff Question 4:**

- Ref:
- a) Prefiled Evidence/Sec 4/page 8 of 9/Parag. 41
  - b) Board's Decision with Reasons, September 1, 1988 approving Union Gas Limited's application for leave to construct the St. Clair Pipeline (E.B.L.O. 226)/ Section 3.8-JURISDICTION/pages 118-129/Board Findings/paragraph 3.8.70
  - c) Board's Decision with Reasons, September 1, 1988 approving Union Gas Limited's application for leave to construct the St. Clair Pipeline (E.B.L.O. 226)/ Section 3.8-JURISDICTION/pages 103-104/Union's Submission/paragraph 3.8.14

Preamble:

(1) In Ref. a) [Prefiled Evidence/Sec 4/page 8 of 9/Parag. 41], Union Gas stated that:

*41. In the past, Union has used the St. Clair Line as an emergency back stop to supply its Sarnia Industrial Line in the event of a supply failure from the TCPL/GLTL Line. However, that emergency capacity was replaced in 2005 when the Vector Line interconnected at the Courtright Station. In addition, the Sarnia Industrial Line would also have the ability to receive gas from the new Dawn Gateway Line at the St. Clair Line Station.*

Union Gas is indicating that since 2005, reliance on St. Clair Line's for backstop emergency function to its Sarnia Industrial Line was essentially replaced by the Vector Line.

(2) In Ref. b) [Board's Decision with Reasons, September 1, 1988 approving Union Gas Limited's application for leave to construct the St. Clair Pipeline (E.B.L.O. 226)/ Section 3.8-JURISDICTION/pages 118-129/Board Findings/paragraph 3.8.70], the Board's Findings included the following:

*3.8.70*

*As part of a local distribution system, (whose many lines serve several functions simultaneously: arterial, transmission and distribution), the St. Clair-Bickford Line traverses municipal areas for which Union possesses distribution franchises. The Board finds this as a fact, of which information it is seized as the approving authority for the terms and conditions of gas franchises in Ontario.*

The Board Findings characterized the St. Clair Line as part of a local distribution system serving several functions simultaneously: arterial, transmission and distribution.

- (3) In Ref. c) [Board's Decision with Reasons, September 1, 1988 approving Union Gas Limited's application for leave to construct the St. Clair Pipeline (E.B.L.O. 226)/ Section 3.8-JURISDICTION/pages 103-104/Union's Submission/paragraph 3.8.14], Union Gas' counsel stated that:

*3.8.14*

*He emphasized that the proposed pipeline will be an integral part of Union's system which already extends as far as the Sarnia Industrial Line, a distance of 3.1 km from the St. Clair River.*

Questions:

- (i) Please explain whether Union Gas agrees that the purpose of the St. Clair line is greater than the emergency backstop capability as stated in Ref. a) and Preamble (1)?
- (ii) What is Union Gas' view in regard to the Board Findings in Ref. b) where it characterized the St. Clair Line as "part of a local distribution system serving , several functions simultaneously: arterial, transmission and distribution"?
- (iii) In regard to Ref. c) and Preamble (3), please explain what had changed from the time Union's counsel emphasized that the St. Clair Line is an integral part of Union's system, to the situation now where Union Gas is implying that selling the St. Clair Line will not affect the rest of its system.

Response:

- (i) Currently the St. Clair Line is utilized for limited firm and interruptible transportation service as set out in paragraph 25 of the prefiled evidence and as an emergency backstop to supply the Sarnia Industrial Line as set out in paragraph 41 of the prefiled evidence. Both of these uses will be enhanced by the Dawn Gateway Line as it will allow for much greater firm year round transportation to Dawn and continue to provide additional emergency backstop capability to the Union system.
- (ii), (iii) In April of 1988 Union submitted an application to the OEB to construct approximately 11 kilometres of NPS 24 pipeline from the St Clair Valve site to the Bickford Compressor Station.

In its application to the OEB Union identified the following uses and benefits of the proposed pipeline:

- Provide Union with an interconnection to American pipeline facilities
- Achieve gas costs savings in negotiations with other pipelines
- Access additional supplies of gas from US sources

- Additional security of Supply to Ontario
- Access to additional underground storage facilities

The OEB determined that the project was in the public interest and approved the proposed facilities. In making this determination the Board stated at Section 3.3.27 and 3.3.28 on pgs. 70 & 71 of the EBLO 226 Decision with Reasons:

*The Board finds that there is a need for the Ontario gas market to receive the benefits that can flow from the competition that enhanced gas supply alternatives will generate. The board finds that the proposed facilities will contribute to a more competitive and open gas supply market, wherein both Union and its storage and transportation customers will have increased bargaining power, purchasing options, flexibility and strengthened back-up supplies. This is consistent with the public interest criterion of providing reliable service to the Ontario consumer at the lowest possible cost.*

*The Board finds that Union's proposal will enhance security of supply, system reliability and system flexibility. Supply to both the Sarnia industrial area and major gas markets elsewhere in southern and eastern Ontario will be reinforced as a result of the proposed facilities and their link with Union's Dawn Trafalgar transmission system.*

The St. Clair Line to Bickford was constructed and placed in service in 1989. It was connected to Union's Sarnia Industrial distribution system to provide a source of gas to the distribution system, but the St. Clair Line itself does not distribute gas. No end use customers are connected to the St. Clair Line as Union's distribution system is located in the same area as the St. Clair Line. Since the time that the St. Clair Line has been in operation, it has provided the benefits identified, but has not operated to its full potential.

Some of the reasons that Union has not been able to operate the pipeline to its full potential include:

- Union has been able to provide only a limited amount of firm year round transportation service to Dawn through displacement as outlined in the evidence
- Union was unsuccessful in obtaining OEB approval to connect the St. Clair line to Dawn
- Additional transportation facilities have been constructed which provide additional security of supply to the Sarnia market (i.e. Vector Courtright backup to TCPL / GLGT Courtright feed)
- The market's usage of the St. Clair Line has been limited, as outlined in paragraph 21 of the prefiled evidence

The St. Clair Line has provided limited amounts of firm transport, has provided interruptible transportation services, has met the security of supply objectives and provided an alternative source of supply to the Ontario market. However, since the St. Clair Line was constructed, the movement of gas between Michigan and Ontario has been materially impacted by changes in

regulatory policy and by the development of new transportation facilities by other parties, in particular by the construction of the Alliance and Vector pipelines.

As a result of all the changes since 1989 when the St. Clair Line was constructed, Union now believes that including this pipeline as part of the broader Dawn Gateway project will provide a firm year round interconnect to Dawn and therefore be a more efficient use of this facility. The benefits the Board sought to obtain by the approval of the St. Clair Line in its EBLO 226 Decision (as summarized in the quotation cited above) will be more fully realized by the Dawn Gateway pipeline project as it will bring significantly more firm capacity to Ontario. The additional firm capacity will help meet the demand for additional transportation linking Ontario customers to Michigan storage that has been identified by the Board (see Union's response to CME Question 2(b)). Further, the Dawn Gateway Line will provide access to new upstream supply sources that can access Belle River Mills and therefore provide additional supply, diversity and options to Ontario.

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**Issue 2.2      How would the proposed sale of the St. Clair Line impact Union's ability to connect future customers that are in proximity to the St. Clair Line?**

**Board Staff Question 5:**

Ref:      a)      Board's Decision with Reasons, September 1, 1988 approving Union Gas Limited's application for leave to construct the St. Clair Pipeline (E.B.L.O. 226)/ Section 3.8-JURISDICTION/pages 118-129/Board Findings/paragraphs 3.8.70

Preamble:

(1)      In Ref. a) [Board's Decision with Reasons, September 1, 1988 approving Union Gas Limited's application for leave to construct the St. Clair Pipeline (E.B.L.O. 226)/ Section 3.8-JURISDICTION/pages 118-129/Board Findings/paragraph 3.8.70], the Board's Findings included the following:

3.8.70

*As part of a local distribution system, (whose many lines serve several functions simultaneously: arterial, transmission and distribution), the St. Clair-Bickford Line traverses municipal areas for which Union possesses distribution franchises. The Board finds this as a fact, of which information it is seized as the approving authority for the terms and conditions of gas franchises in Ontario.*

Questions:

- (i)      If the St. Clair line is sold and the ownership is transferred as outlined in the Application, please explain how Union Gas will meet its obligation as the franchise holder for the many municipal areas traversed by the St. Clair-Bickford Line.
- (ii)     If the St. Clair Line is sold and the ownership is transferred as outlined in the Application, What would be the process for connecting new residential and industrial customers in the noted areas in Ref. (a).

Response:

- i)      Even though the St Clair line is physically located within Union's franchise area, Union has never connected a customer to this line. Union has a network of gas pipelines distributing gas to customers in the same municipality that is traversed by the St Clair Line. Union will continue to connect customers to the Union system based on Union's New Business Distribution Guidelines. Union does not anticipate having any problem connecting new customers.

- ii) Union's process for connecting new residential and industrial customers to its remaining pipeline network will not change. Union will continue to connect customers to the Union Gas system following its New Business Distribution Guidelines.

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**Board Staff Question 6:**

- Ref. a) Prefiled Evidence/Sec 2/Parag. 29 /Pages 5-6 of 9  
b) Prefiled Evidence/Sec 3/Parag. 33 /Page 6 of 9

Preamble:

- (1) Paragraph 29 of the prefiled evidence [Ref. a)] indicates that according to Union Gas' understanding, Dawn Gateway JV will try to implement a reduction of the transportation costs on the Michigan portion of the Dawn Gateway Line partly by applying to its regulator for a lower fuel charge. Union Gas indicated that this change is expected to improve the economics associated with the Belle River Mills to Dawn path.

Questions:

- (i) Are there any barriers for Union Gas to proceed as a partner with GTE Pipeline Company in the Joint Venture to develop the Dawn Gateway Pipeline, as proposed in this application? If there are, please explain.
- (ii) Assuming that the scenario in Question (i) above is implementable, please confirm that this would result in identical benefits to customers to those benefits described in the prefiled evidence in Ref. b) where in paragraph 33 it stated in part that:

*"The proposed Dawn Gateway Line would have the capacity to transport approximately 385,000 GJ/d of gas between DTE's Belle River Mills Gas Storage Area and Dawn on a firm basis, and its capacity would be expandable to meet future needs."*

Response:

- i) Union is not interested in participating as a partner in Dawn Gateway at cost of service rates. Please refer to Union's response to Board Staff Question # 1.
- ii) The scenario proposed in this question is not an alternative which Union considers feasible. Please refer to Union's response to Board Staff Question # 1.

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**Issue 2.3      How would the proposed sale impact Union’s ability to provide services to its existing customers, and what would be the impact on its rates? How should the proceeds of the proposed sale be treated for future rate making purposes?**

**Board Staff Question 7:**

- Ref:
- a) Application/P. 2/Parag. 9
  - b) Prefiled Evidence/Sec 3/page 7 of 9/Parag. 37
  - c) Prefiled Evidence/Sec 4/page 7 of 9/Parag. 39
  - d) Union Application for the Heritage Pool EB-2008-0405

Preamble:

- (1) If and when the Dawn Gateway Line goes into service, Union Gas indicated that it will have the ability to offer customers a much greater capacity of firm transportation service from Michigan to Dawn. The proposed Dawn Gateway Line<sup>1</sup> will have sufficient capacity to transport approximately 385,000 GJ/d from the US into Ontario.
- (2) DTE and Spectra held a non-binding open season to determine the level of market interest in the Dawn Gateway Line. Union has been advised that DTE and Spectra have determined based on the bids received that there is sufficient interest in the proposed service to justify proceeding with the Dawn Gateway Line.
- (3) In the prefiled evidence, section 4, paragraph 39, Union Gas stated that:

*“The sale of the St. Clair Line would have no negative impact on Union’s security of supply and no negative impact on Union’s design day capabilities. There would be no stranded Union facilities as a result of the proposed transaction. Union does not foresee any impact on Union’s future expansion opportunities, including the development of the proposed Heritage storage pool. In the event that the Dawn Gateway Line proceeds, Union would have to complete modifications to the St. Clair Line Station, Bickford Compressor Station and Dawn Compressor Station to accommodate the project, but the costs would be solely paid by Dawn Gateway JV.”*

Questions:

- (i) Please provide a detailed description of the transportation services that Dawn Gateway L.P. intends to provide on the proposed Dawn Gateway Line.

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<sup>1</sup> Dawn Gateway Line includes the Belle River Line, St. Clair River Crossing, St. Clair Line and the new proposed Bickford to Dawn Line.

- (ii) Would these transportation services be rate-regulated? Please explain.
- (iii) Would these transportation services be priced at market-based prices? Please explain.
- (iv) Please explain if the transportation services would be stand alone services and/or would these transportation services be bundled with storage services such as from the proposed Heritage Pool?
- (v) Would Union Gas plan to utilize the Dawn Gateway Line for transportation services to transport system gas supply to meet any of its in-franchise customer needs? If so, what would the expected rate impact be on Union Gas' customers?
- (vi) In EB-2008-0405 Union indicates that a line from the Heritage Pool will be constructed to the St. Clair Line Station. What impact will the sale of the St. Clair Line and the future operation of the Dawn Gateway Line have on storage operations?
- (vii) In EB-2008-0405 Union indicates that a line from the Heritage Pool will be constructed to the St. Clair Line Station. Would there be any other storage pools in planned development (in addition to the Heritage Pool) that are in proximity to the Dawn Gateway Line? Please explain.

**Response:**

- (i) (ii) Please refer to Union's response to Board Staff Question # 1 and #2 i).
- (iii) Union understands that this project will only proceed as an NEB Group Two regulated company with negotiated rates. Please refer to Union's response to Board Staff Question #1.
- (iv) Dawn Gateway LP will be selling transportation services on Dawn Gateway. It is not expected that Union would bundle services on Dawn Gateway with storage service from Heritage. Union may use Dawn Gateway to move gas between Heritage and Dawn, as part of its unregulated storage operation.
- (v) Union expects that it will contract for both transportation on Dawn Gateway and Michigan storage with MichCon to support its unregulated storage operations. It is not anticipated that Union will contract capacity on Dawn Gateway to support regulated services to any of Union's customers.
- (vi) There will be no impact on Union's existing storage operations. Union will be retaining ownership of the St. Clair Station.
- (vii) Union is not aware of any other storage pools in planned development in the proximity of the Dawn Gateway Line.

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**Board Staff Question 8:**

- Ref: a) Application/P. 2/Parag. 8  
b) Union Gas Limited's "Incentive Regulation" regime, Proceeding EB-2009-0101

Preamble:

- (1) In the Application, page 2, Paragraph 8, Union Gas stated in part that:

*"The proposed sale will have no impact on Union's ability to serve its distribution customers, and it will not result in any increase in Union's regulated rates."*

- (2) Union Gas is under an "Incentive Regulation" regime, see Ref. b), whereby earnings in excess of 200 basis points are shared with the customer. In that proceeding Union has filed its earnings sharing results for 2008.
- (3) Under a scenario that assumes the proposed sale of the St. Clair Line had taken place on January 1, 2008, Board staff wish to explore the impact that the St. Clair line sale would have had on Union Gas' 2008 earnings to be shared with ratepayers.

Question:

- (i) Please restate the earnings amount to be shared by eliminating the actual 2008 sales and revenues and costs associated with the St. Clair Pipeline or in other words what would have the earnings in 2008 been, absent the St. Clair Pipeline.

Response:

- (i) During the incentive regulation period the rates charged to customers would not be impacted by the proposed sale of the St. Clair Line. Removing the transportation revenues, costs and rate base related to the St. Clair Line assuming a sale on January 1, 2008 would have increased the earnings sharing amount by approximately \$395,000.00.

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**3.0 Land Matters**

**Issue 3.1 How would a change in ownership and regulatory oversight impact the landowners' interests including any land use restrictions, rights under existing agreements, abandonment obligations, and availability of costs awards related to regulatory proceedings?**

**Board Staff Question 9:**

**Question:**

- (i) Please describe any potential impacts on landowners resulting from the expected change in ownership of the St. Clair Line related to land use restrictions, land rights under existing agreements, pipeline abandonment and liabilities and/or costs to the landowners along the St. Clair Line.

**Response:**

- (i) Union believes a change in ownership and regulatory oversight will result in some impacts to landowners.

Both the OEB and NEB have a mandate to ensure that pipelines are constructed and operated safely and that landowners are treated fairly. Union recognizes that there are differences in the Acts and Regulations of each Regulatory Agency.

Land use restrictions on and adjacent to the easement are different between the OEB and the NEB, but the overriding intent is to ensure the safe operation of the pipeline. Dawn Gateway JV is proposing to provide blanket approvals to address control zone issues as identified in Section 112 of the National Energy Board Act.

In order to address issues related to Section 112 of the National Energy Board Act and the control zone, Dawn Gateway JV is proposing to provide affected landowners with blanket pre-approvals for the common activities that they would normally undertake so as to mitigate any inconvenience.

The easement agreements will be assigned to Dawn Gateway LP, and as a result Dawn Gateway LP will be required to abide by all terms and conditions of the easement agreements. Specifically, Dawn Gateway LP will be bound by the liability provisions in the easement agreements.

Both provincial and federally regulated pipelines have specific technical regulations dealing with pipeline abandonment. Provincially abandonment is dealt with by the TSSA while federally a pipeline company must apply to the NEB for an abandonment order.

There is a difference in the way costs are awarded between the OEB and the NEB. As part of the NEB's Lands Matters Consultation Initiative, the NEB is reviewing when costs should be awarded.

The NEB has prepared Question and Answers that describe the changes that landowners may expect when a pipeline moves from provincial to federal jurisdiction. A copy of the Questions and Answers is available at the following website. A copy is attached as Attachment # 1.

<http://www.neb-one.gc.ca/clf-nsi/rthnb/nv/vngthpblc/trnscndlbrtsstm/trnscndlbrtsstmqstnnswr-eng.html>

National  
Energy BoardOffice national  
de l'énergie

Canada

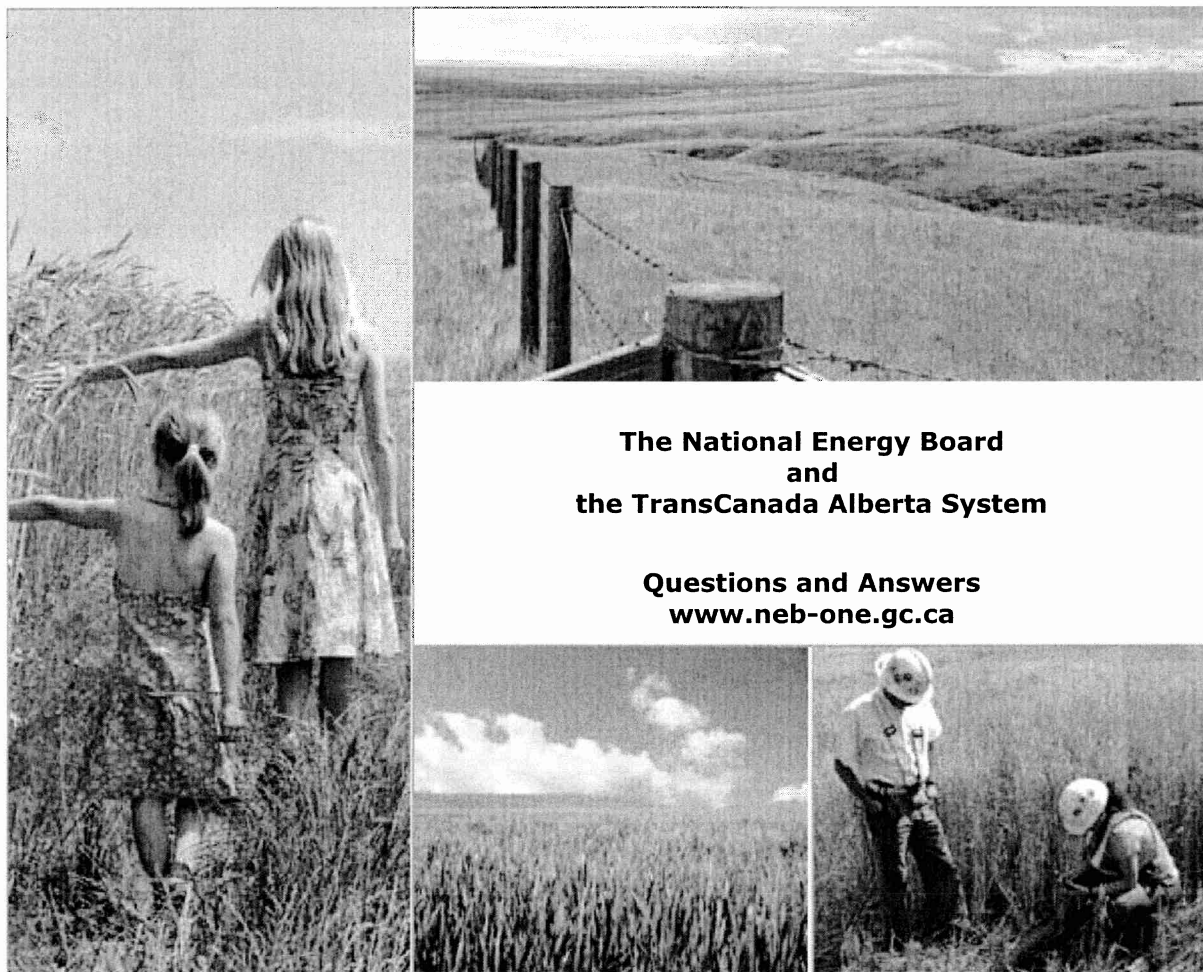
Home > Involving the Public > TransCanada Alberta System > TransCanada Alberta System - Questions and Answers

## TransCanada Alberta System - Questions and Answers

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**Please note** that certain documents in this section are available in PDF format only. To inquire about receiving these documents in another format, please contact us. If you do not have a PDF viewing software, you can download a free PDF viewer from the Adobe® Web site.

The National Energy Board and the TransCanada Alberta System - Questions and Answers  
[PDF 2038 KB]



**The National Energy Board  
and  
the TransCanada Alberta System**

**Questions and Answers  
[www.neb-one.gc.ca](http://www.neb-one.gc.ca)**

Revised 2 March 2009

The National Energy Board (NEB) held a public hearing into an application by TransCanada PipeLines Ltd. (TransCanada) for an order stipulating that the Nova Gas Transmission Ltd. (NGTL) (also known as the TransCanada Alberta System) is under federal rather than provincial jurisdiction, and for a Certificate allowing TransCanada to operate NGTL under NEB authority.

On 26 February 2009, the NEB granted the application of TransCanada for an order recognizing that the TransCanada Alberta System is under federal jurisdiction.

The decision was made on the basis that the Alberta System is part of TransCanada's extensive pipeline system already under federal jurisdiction. The NEB also decided to issue a certificate to allow the Alberta System to operate under the *National Energy Board Act*. If the certificate is approved by Governor-in-Council, the NEB will issue it to come into force 14 days later.

All documents relevant to this hearing application can be found on our Web site. Click here for access to the application's regulatory documents [Folder 518500].

Evidence was heard from a variety of participants including the Alberta Association of Pipeline Landowners, the Canadian Alliance of Pipeline Landowners' Association, the Canadian Association of Petroleum Producers and the Alberta Department of Energy. For a full list of intervenors at the hearing, click here [Filing A19659].

The NEB regulates approximately 45,000 km of pipeline across Canada. Pipeline systems in Alberta, which are currently regulated by the NEB, include the Alliance Pipeline, the Cochin Pipeline, the Keystone Pipeline, the Alberta Clipper Pipeline and a small portion of the TransCanada Mainline Pipeline.

The following *Questions and Answers* have been prepared for the benefit of landowners who have questions about the impact of the Board's decision related to this application.



**Question 1:** I have a TransCanada pipeline crossing my land. Within the federal government, who will actually regulate the pipeline system?

- The NEB has decided that this pipeline system, known as the TransCanada Alberta System, is properly under federal jurisdiction.
- In accordance with its decision, the NEB has issued, subject to Governor in Council approval, a certificate for the operation of the TransCanada Alberta System under the *National Energy Board Act*.

- The decision was made on the basis that the TransCanada Alberta System is part of an extensive pipeline system already under federal jurisdiction.

**Question 2:** Does the change of jurisdiction to the NEB mean that I will be required to comply with a different set of crossing regulations?

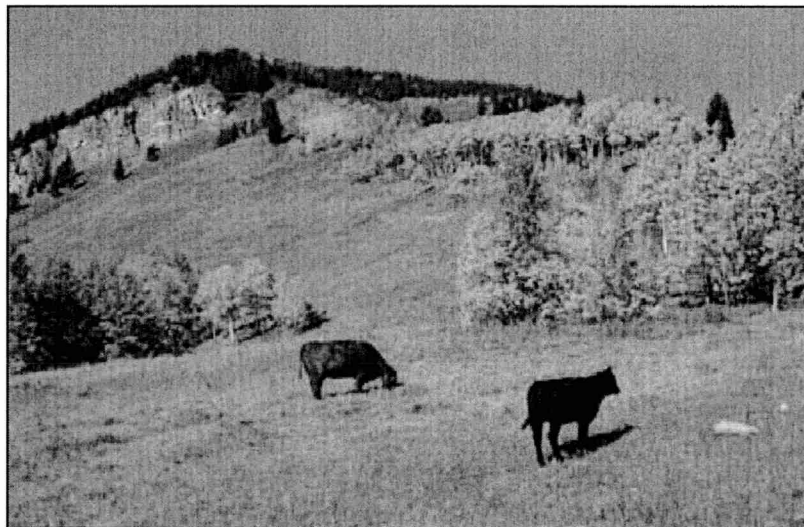
- Yes, in some instances, there are differences between federal and provincial crossing regulations.
- However, it is possible that some landowners may be accustomed to the federal regulations because their lands may already be crossed by another NEB regulated pipeline such as the Alliance or Cochin systems.

**Question 3:** As a landowner, I'd like to get more information about the NEB's processes and regulations. Where and how can I find it?

- In an effort to be accessible and transparent, the NEB makes its documentation available on the Web site at [www.neb-one.gc.ca](http://www.neb-one.gc.ca). Select "Involving the Public", and scroll down to "Landowners". Copies of the documents can also be requested from our Library Service by calling 403-299-3561 (toll free 1-800-899-1265) or by email at [library@neb-one.gc.ca](mailto:library@neb-one.gc.ca).

Available publications include:

- Pipeline Regulation in Canada: A Guide for Landowners and the Public - June 2003 [PDF 3888 KB]
- Living and Working Near Pipelines: Pamphlet [PDF 290 KB]
- Living and Working Near Pipelines: Landowner Guide 2005 [PDF 297 KB]
- Excavation and Construction Near Pipelines [PDF 192 KB]



**Question 4:** More specifically, where and how can I get more information about the NEB Crossing Regulations?

- The Crossing Regulations are posted on the NEB Web site at [www.neb-one.gc.ca](http://www.neb-one.gc.ca). In the left margin, select "Acts and Regulations" and scroll down to "Rules, Regulations, Guidelines, Guidance Notes and Memoranda of Guidance pursuant to the National Energy Board" and click on *National Energy Board Pipeline Crossing Regulations*, Part I and Part II.
- To request a copy of the document, please contact our Library Service by phone at 403-299-3561 (toll free 1-800-899-1265) or by email at [library@neb-one.gc.ca](mailto:library@neb-one.gc.ca).

**Question 5:** Is it true that I will be required to get permission every time I need to cross a section of the TransCanada Alberta System that is on my land?

- Not necessarily, however crossing with vehicles or mobile equipment other than on a highway or public road should be discussed with the pipeline company that is primarily responsible for keeping the pipeline safe for everyone.
- Pipeline companies may contact landowners to discuss the types of equipment that could be used when crossing their right of way.
- Before making a decision, the company may assess the level of risk involved in crossing the right of way. The risk level will determine whether a landowner needs to call the company prior to each crossing or whether a long term arrangement is sufficient.
- The NEB suggests that landowners familiarize themselves with their individual easement agreements with the pipeline company. The NEB mandate does not include the negotiation or the management of easement agreements.
- A landowner with concerns about pipeline crossing issues should first discuss them with the company. In the event of a disagreement that cannot be resolved, the parties can apply to the Board under the *National Energy Board Act*, for assistance through the NEB Landowner Complaint Program or NEB Appropriate Dispute Resolution Program.

**Question 6:** What happens if I can't reach a mutually suitable arrangement with the pipeline company?

- If both parties fail to come to an agreement, the NEB can be asked to intervene by way of a letter detailing the nature of the problem. The Board can provide assistance through its Landowner Complaint Program or its Appropriate Dispute Resolution Program. Please refer to the NEB Contact Information listed on the last page of this document.
- Please view Question 12 for additional compensation information.

**Question 7:** With the change of jurisdiction, will I still be able to cultivate the section of land that is crossed by the pipeline?

- Yes, farming activities are allowed to continue along all NEB regulated pipelines across Canada providing landowners and pipeline companies agree on specific restrictions. The purpose of these restrictions is to prevent the risk of causing damage to the pipeline.
- Landowners need to contact the pipeline company directly to discuss and come to an agreement based on the type of equipment that they plan to use when crossing the pipeline.
- Movement of vehicles and mobile equipment over a pipeline may cause damage to a pipe. Pipeline companies are responsible to determine stress loads that will ensure the continued safety for their own pipes and specify which vehicles and types of mobile equipment are either exempt or less likely to cause damage. Pipeline companies need to be aware of what is taking place near their pipeline to ensure the safety of all persons living and working near

the pipeline.

- Assessment of pipeline stress levels requires a comprehensive knowledge of ground conditions, design factors and operating characteristics. For these reasons, pipeline companies are in the best position to make these assessments.
- Under section 112(2) of the *National Energy Board Act*, permission must be obtained from the company when the activities require the movement of vehicles and mobile equipment across its pipelines. Permission is not required if the vehicles and mobile equipment are operated within the travelled portion of a highway or public road.

**Question 8:** Could the violation of an NEB Crossing Regulation constitute an offence which may carry fines of up to \$1,000,000 and imprisonment of up to five years?

- There is no penalty prescribed for contravening the crossing provisions of the *National Energy Board Act* or the Crossing Regulations.
- There is a penalty prescribed for failing to comply with an order of an NEB Inspections Officer. Those who continue to contravene NEB crossing provisions after being specifically ordered to stop would face the penalties set out in the *National Energy Board Act*.
- Although penalties could include fines amounting up to \$1,000,000 and imprisonment for up to five years, the penalty in any particular case is determined by the Court based on the seriousness of the offence.
- In the case of someone violating NEB crossing provisions, the NEB would start by dealing with this person through its engagement and educational programs.
- Where violations could be a hazard to safety, or a detriment to property or the environment, an NEB Inspection Officer has the authority to order the offender to stop the activity in question. In the event the offender does not comply with an order, they could be charged and dealt with through the courts.
- Historically, this level of escalation has never occurred with NEB regulated pipelines. Experience has shown that NEB programs and procedures in place have been sufficient to manage the regulation of pipelines.

**Question 9:** What about landowner liability for possible damage to an operating pipeline?

- The *National Energy Board Act* does not address liability nor does it authorize the NEB to make findings on liability, which is a matter for the courts under the general law.
- A change of jurisdiction will not affect existing easement agreements between landowners and the company. These agreements will continue to apply, including provisions on landowner liability.

**Question 10:** Does the NEB provide for participant funding in its processes? Under what circumstances could funding be available?

- A. The concept of participatory funding can be defined as providing money up front to allow persons or groups to participate in a regulatory proceeding.
  - The *National Energy Board Act* does not authorize the NEB to provide participant funding for general NEB hearings.
- B. The Board may order a company to reimburse a person or group who made representations at either a detailed route, or a diversion and relocation proceeding.

- Parties in either one of those proceedings have to participate at their own expense and can, after the fact, submit their costs for a potential reimbursement, either full or partial.
  - People or groups involved in this type of proceeding are not assured of funding until after they have completed their participation.
- C. The *Canadian Environmental Assessment Act* provides for participant funding for comprehensive studies and for review panel processes, which may apply to NEB-regulated projects.
- D. Prior to, and throughout its Land Matters Consultation Initiative, the NEB has been aware of landowners' concerns about a lack of participant funding in the *National Energy Board Act*.

**Question 11:** In terms of emergency response, how do the provincial guidelines differ from NEB regulations?

- The provincial and federal regulations both require companies to have emergency response measures in place to ensure the safety of the people living and working in proximity to a pipeline, and the protection of surrounding properties and the environment.
- TransCanada operates the NOVA pipeline in Alberta and also operates interprovincial pipelines across Canada under NEB regulation. TransCanada's emergency response manual is the same for both the provincially and federally regulated pipelines. Therefore, emergency response will not be different following the change in jurisdiction.
- Landowners should continue to feel safe, no matter which level of government regulates the pipeline system.

**Question 12:** With the transfer of jurisdiction in place, will that cancel my easement/statutory right-of-way agreement? What happens to my payments?

- Easement/Right-of-way agreements are private contracts between a landowner and a company. A change of jurisdiction will not impact existing agreements.
- A landowner or a company can request to re-negotiate an agreement with the other party. The NEB may provide assistance through its Appropriate Dispute Resolution Program to resolve issues, but cannot decide on a monetary amount to be paid.
- With respect to matters of compensation, on request from a landowner or a pipeline company, this may be done through an arbitration committee appointed by the Minister of Natural Resources Canada. In order to appoint an arbitration committee, the Minister must be satisfied that the damages caused by the pipeline company are directly related to the acquisition of lands for the pipeline; construction of the pipeline; or, inspection, maintenance or repair of the pipeline.
- For further information on negotiation or arbitration services provided by the Minister of Natural Resources Canada, visit their Web site at [www.nrcan.gc.ca](http://www.nrcan.gc.ca) or contact their office at 613-992-9612.

**Question 13:** How does the NEB deal with landowner concerns about energy related land matters?

- The NEB already has a process in place to receive landowner complaints. Formal complaints are handled by the NEB on a case-by-case basis.

- Depending on the nature of the complaint, Land Specialists or Inspectors may visit the lands in question to gain a better understanding of the problem.
- If the matter cannot be resolved quickly, then the NEB may offer the services of an appropriate dispute resolution expert.
- Landowners can contact the NEB using telephone, email, fax, or mail (see NEB Contact Information listed on the last page of this document). A formal request must be made in writing and the company will be contacted for follow-up.
- Landowners are invited to contact the NEB to voice their concerns or simply to request information.
- In October 2007, the National Energy Board decided to establish a process open to all stakeholders as part of its review of some key issues related to land matters.
- The goal of the Land Matters Consultation Initiative (LMCI) is to provide a forum for all interested parties and the Board to engage in dialogue and generate options to support the long-term responsible development of the energy sector, while respecting the rights of those affected.
- As stated in the LMCI Draft Final Report released in December 2008, the Board has a mandate to make decisions that balance the interests of all Canadians. It is the Board's view that the roadmap for change developed through the LMCI will bring about concrete improvements which will achieve an appropriate balance among landowners, project proponents and others impacted by infrastructure development. The Board looks forward to continuing the constructive and collaborative approaches that have been established through the LMCI so that there can be continual improvement in the Board's regulatory approaches to land matters for the benefit of Canadians.

**Question 14:** How does the NEB deal with pipeline abandonment matters?

- Before a company can abandon the operation of its pipeline, it must first obtain permission from the NEB. At that time, the NEB will review the proposed abandonment, taking into account the concerns of landowners and other affected parties, and will determine the conditions that the company will have to meet in order to abandon the pipeline. Although the NEB will not decide on liability, it will be able to address, through conditions, the issues that may give rise to liability.
- The NEB is in the last stages of a hearing process to consider the financial aspects of pipeline abandonment. The NEB is also addressing physical issues related to pipeline abandonment by way of its Land Matters Consultation Initiative (LMCI). Information about the LMCI is available on the Web site, [click here](#).



**In the weeks to come, the NEB will be holding  
Information Sessions in various locations.  
Please check your local newspaper to find out  
when and where these Sessions will be held.  
We look forward to meeting you,  
and to hearing about your views and concerns.**

Date Modified: 2009-04-06

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**4.0 First Nation Consultations**

**Issue 4.1: Have all Aboriginal Peoples whose existing or asserted Aboriginal or treaty rights may be affected by the proposed sale been identified, have appropriate consultations been conducted with these groups, and if necessary, have appropriate accommodations been made with these groups?**

**Board Staff Question 10:**

Ref: a) Prefiled Evidence/Sec 7/page 9 of 9/Parag. 47

Preamble:

(1) According to section 7, paragraph 47 of Union Gas' prefiled evidence, it is stated that:

*"47. As part of the proposed sale Union would seek to assign the land rights that Union obtained for the construction and operation of the St. Clair Line (e.g. easements, licences and crossing agreements) to Dawn Gateway LP. In some cases, the related land rights are only assignable with the consent of the landowner (e.g. the agreements with Hydro One, Ontario Power Generation and Canadian National Railway) and Union and Dawn Gateway LP will seek consent from those landowners. All other affected landowners would be contacted to make them aware of the change in ownership."*

(2) Union Gas did not mention whether or not it identified potentially affected Aboriginal Groups and that initial consultations with these Aboriginal Groups have commenced or are planned to commence and continue.

**Questions:**

Please provide a status update on consultations with Aboriginal Groups communities with regard to the following points:

- a) Identify all of the Aboriginal Groups that have been or will be contacted in respect of this application.
- b) Indicate:
  - (i) how the Aboriginal Groups were identified or will be identified;
  - (ii) when contact was first initiated or planned to be initiated;

- (iii) the individuals within the Aboriginal Group who were contacted or planned to be contacted, and their position in or representative role for the Aboriginal Group; and
  - (iv) a listing, including the dates, of any phone calls, meetings and other means that may have been used to provide information about the project and hear any interests or concerns of Aboriginal Groups with respect to the project.
- c) Provide relevant information gathered from or about the Aboriginal Groups as to their existing or asserted Aboriginal or treaty rights, or any filed and outstanding claims or litigation concerning their treaty rights or treaty land entitlement or aboriginal title or rights, which may potentially be impacted by the project.
  - d) Provide any relevant written documentation regarding consultations, such as notes or minutes that may have been taken at meetings or from phone calls, or letters received from, or sent to, Aboriginal Groups.
  - e) Identify any specific issues or concerns that have been raised by Aboriginal Groups in respect of the proposed sale and, where applicable, how those issues or concerns will be mitigated or accommodated.
  - f) Explain whether any of the concerns raised by Aboriginal Groups with respect to the applied-for proposed sale have been discussed with any government department or agencies, and if so, identify when contacts were made and who was contacted.
  - g) If any of the Aboriginal Groups who were contacted either support the application or have no objection to the proposed sale proceeding, identify those groups and provide any available written documentation of their position. Also, indicate if their positions are final or preliminary or conditional in nature.
  - h) If any of the Aboriginal Groups who were contacted are opposed to the application, identify those groups and provide any available written documentation of their position. Also, indicate if their positions are final or preliminary or conditional in nature.
  - i) Provide details of any known Crown involvement in consultations with Aboriginal Groups in respect of the applied-for proposed sale.

**Response:**

- (a) The following First Nations have been contacted in respect of this application:
  - *Aamjiwnaang First Nation*: Chief Christopher Plain and Ms. Shelley Raymond (Band Clerk)
  - *Chippewas of Kettle and Stony Point*: Chief Elizabeth Cloud
  - *Walpole Island First Nation*: Chief Joseph Gilbert and Dr. Dean Jacobs (Executive Director, Heritage Centre)

- (b)
- i. First Nations were identified by the study team based on previous knowledge and experience in the general study area, and by correspondence received from Indian and Northern Affairs Canada.
  - ii. Contact was initiated through written correspondence dated September 23, 2008 to inform the Aamjiwnaang First Nation and the Walpole Island First Nation of the proposed project. The Chippewas of Kettle and Stony Point were first notified of the proposed project on November 28, 2008.
  - iii. The First Nations and individuals identified in Board Staff interrogatory #10 (a) were contacted.
  - iv. The following is a list of the correspondence and meetings with First Nations in respect of this application:
    - September 23, 2008 – Notice of Study Commencement letter
    - September 23, 2008 – Meeting with representatives from the Walpole Island First Nation
    - November 28, 2008 – Notice of Public Information Session #1 letter
    - January 23, 2009 – Notice of Public Information Session #2 letter
- c) Correspondence received from Indian and Northern Affairs Canada indicates active litigation in the vicinity of the project involving the Aamjiwnaang First Nation, the Chippewas of Kettle and Stony Point and the Walpole Island First Nation. It is understood that the St. Clair Line is located within lands encompassed by the Chenail Ecarte Land Claim.
- d) Written correspondence noted in Union's response to Board Staff interrogatory #10 (b – iv). Please see Attachment # 1.
- e) Representatives of the Walpole Island First Nation raised a concern about DTE Energy, given the on-going litigation involving DTE Energy and releases from their coal-fired power plants in Michigan, United States. Through verbal discussions this concern was addressed.
- f) The one concern that was raised (see (e) above) was resolved and there have been no discussions with any government departments or agencies.
- g) No written documentation was received to indicate support or objection to the proposed sale proceeding.
- h) No written documentation was received to indicate opposition to the proposed application.

- i) Union is not aware of any Crown involvement in consultations with Aboriginal Groups in respect of the applied-for proposed sale.



**Stantec**

**Stantec Consulting Ltd.**  
361 Southgate Drive  
Guelph ON N1G 3M5  
Tel: (519) 836-6050  
Fax: (519) 836-2493

September 23, 2008  
File: 160960438

Aamjiwnaang First Nation  
978 Tashmoo Ave.  
Sarnia ON N7T 7H5

**Attention: Chief Christopher Plain & Ms. Shelley Raymond (Band Clerk)**

Dear Chief Plain & Ms. Raymond:

**Reference: Environmental and Socio-Economic Assessment Commencement  
Dawn Gateway LP Pipeline Project**

**Dawn Gateway, LP**, a new venture owned equally by subsidiaries of Spectra Energy and DTE Energy, is currently working on preliminary plans to construct a new pipeline.

The proposed Project involves the construction of a 24-inch (610 mm) diameter steel natural gas pipeline. The route for this pipeline has not yet been chosen. The pipeline would be approximately 17 km in length. The Study Area is located in the County of Lambton, Ontario, from the Bickford Pool Compressor Station in St. Clair Township (Lot 6, Concession XII) to the Dawn Compressor Station in Dawn-Euphemia Township (Lot 25, Concession I).

Please refer to the attached map which identifies the location of the Study Area and the start and end point of the pipeline.

To assist with the environmental and planning aspects of the Project, an independent environmental consultant, Stantec Consulting Ltd. ("Stantec") has been retained to conduct an Environmental and Socio-Economic Assessment ("ESA"). The ESA will be completed as required under the National Energy Board's ("NEB") "Filing Manual (February 2008)", and will meet the requirements of the *Canadian Environmental Assessment Act*. The application will be filed with the NEB in 2009, and if approved, construction for the pipeline would begin 2010.

At this time, we invite you to provide or coordinate comments to assist us in the preparation of the ESA. This includes providing any information that would assist in the collection of environmental and socio-economic data for the Project Study Area. Your response by October 10, 2008 would be appreciated.

As part of the ESA, Stantec is in the process of contacting the following agencies:

- Indian and Northern Affairs Canada – Environmental Unit
- Indian and Northern Affairs Canada – Specific Claims Branch
- Indian and Northern Affairs Canada – Comprehensive Claims Branch
- Indian and Northern Affairs Canada – Litigation Management and Resolution Branch
- Ministry of Aboriginal Affairs – Policy and Relationships

**Stantec**

September 23, 2008

**Reference: Environmental & Socio-Economic Assessment Commencement  
Dawn Gateway LP Pipeline Project**

Stantec and representatives from Dawn Gateway, LP will also be initiating contact with the Chiefs of the following First Nations with a potential interest in the Project, including:

- Aamjiwnaang First Nation; and,
- Walpole Island First Nation, Bkwejwanong.

A Public Information Session regarding the pipeline Project is planned to be held in the fall of 2008. Notice of the session will be mailed to all affected agencies and First Nations, and advertised in the following local newspapers: Sarnia Observer, Sarnia & Lambton County This Week, and Wallaceburg Courier Press.

If you have any questions regarding the ESA for this Project please do not hesitate to contact me collect at the number listed below.

Sincerely,

**STANTEC CONSULTING LTD.**



David P. Wesenger, B.E.S.  
Senior Project Manager  
Tel: (519) 836-6050  
Fax: (519) 836-2493  
david.wesenger@stantec.com

Attachment: Study Area Map



**Stantec**

**Stantec Consulting Ltd.**  
361 Southgate Drive  
Guelph ON N1G 3M5  
Tel: (519) 836-6050  
Fax: (519) 836-2493

September 23, 2008  
File: 160960438

Walpole Island First Nation, Bkwejwanong  
RR#3  
Wallaceburg ON N8A 4K9

**Attention: Chief Joseph Gilbert & Mr. Dean Jacobs (Heritage Centre Executive Director)**

Dear Chief Gilbert & Mr. Jacobs:

**Reference: Environmental and Socio-Economic Assessment Commencement  
Dawn Gateway LP Pipeline Project**

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**Stantec**

September 23, 2008

**Reference: Environmental & Socio-Economic Assessment Commencement  
Dawn Gateway LP Pipeline Project**

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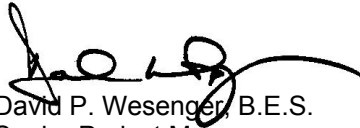
- Aamjiwnaang First Nation; and,
- Walpole Island First Nation, Bkwejwanong.

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Sincerely,

**STANTEC CONSULTING LTD.**



David P. Wesenger, B.E.S.  
Senior Project Manager  
Tel: (519) 836-6050  
Fax: (519) 836-2493  
david.wesenger@stantec.com

Attachment: Study Area Map

**Stantec Consulting Ltd.**  
70 Southgate Drive, Suite 1  
Guelph ON N1G 4P5  
Tel: (519) 836-6050  
Fax: (519) 836-2493



**Stantec**

---

November 28, 2008  
File: 160960438

Agency  
Address1  
City Province  
Postal Code

Dear: Title, First Name, Last Name  
Position

**Reference: Invitation to Public Information Session  
Dawn Gateway Pipeline Project**

**Dawn Gateway LP**, a new venture owned equally by subsidiaries of Spectra Energy and DTE Energy, is currently working on a project which consists of the purchase of two existing natural gas transmission pipelines, and the construction of a new natural gas transmission pipeline ("Project").

The first component involves Dawn Gateway LP purchasing an existing pipeline known as the St. Clair River Crossing Line. This pipeline is a 24-inch (610 mm) diameter steel natural gas pipeline starting at the international border between Michigan and Ontario, under the St. Clair River, and ending at the St. Clair Station (Lot 13, Front Concession). This pipeline is currently owned by St. Clair Pipelines Ltd and as an international pipeline is under the jurisdiction of the National Energy Board ("NEB").

The second component involves Dawn Gateway LP purchasing an existing pipeline known as the St. Clair Line. This pipeline is also a 24-inch (610 mm) diameter steel natural gas pipeline located in St. Clair Township extending from the St. Clair Station (Lot 13, Front Concession) to the Bickford Pool Compressor Station (Lot 6, Concession XII). This pipeline is currently owned by Union Gas Limited ("Union") and is under the jurisdiction of the Ontario Energy Board ("OEB"). It is the intention of Union to make an application to the OEB for approval to sell the pipeline to Dawn Gateway LP.

The third component involves the construction, by Dawn Gateway LP, of a new 24-inch (610 mm) diameter steel natural gas pipeline in the County of Lambton, starting from the Bickford Pool Compressor Station in St. Clair Township (Lot 6, Concession XII) and ending at the Dawn Compressor Station in Dawn-Euphemia Township (Lot 25, Concession I) ("Bickford to Dawn Line").

Dawn Gateway LP will be making applications to the NEB for the required approvals.

To assist with the environmental and planning aspects of this Project an independent environmental consultant, Stantec Consulting Ltd. ("Stantec"), has been retained by Dawn Gateway LP to conduct an Environmental and Socio-Economic Assessment ("ESA") of the proposed corridor for the Bickford to Dawn Line. The ESA will be completed as required under the NEB's *Filing Manual (February 2008)*, and will meet the requirements of the *Canadian Environmental Assessment Act*. Stantec has also been retained to conduct a CEAA Screening Assessment for the existing pipeline facilities. It is the intention of Dawn Gateway LP to file applications with the NEB in 2009. Construction for the Bickford to Dawn Line could begin as early as 2010.

November 28, 2008

**Reference: Invitation to Public Information Session  
Dawn Gateway Pipeline Project**

To learn more about the Project and to provide input into the planning process, we invite you to attend an upcoming Public Information Session. Input received at the Public Information Session will be used to help confirm alternative corridor selection, select a preliminary preferred corridor, and develop site specific protection or mitigation measures. Representatives from Dawn Gateway LP and Stantec will be available at the Public Information Session to discuss the Project.

Please refer to the attached map which identifies the location of the existing St. Clair pipelines and the Study Area for the Bickford to Dawn Line.

Details regarding the Public Information Session are as follows:

**Wilkesport Community Centre  
1622 Baby Road  
Wilkesport, Ontario  
December 11, 2008  
6:30pm – 9:00pm**

We hope that you will attend the Public Information Session. If you or a representative are not able to join us, or if you have any questions regarding the Project, please do not hesitate to contact me.

Sincerely,

**STANTEC CONSULTING LTD.**



David P. Wesenger, B.E.S.  
Senior Project Manager  
Tel: (519) 836-6050  
Fax: (519) 836-2493  
david.wesenger@stantec.com

Attachment: Map



**Stantec Consulting Ltd.**  
Suite 1 - 70 Southgate Drive  
Guelph ON N1G 4P5  
Tel: (519) 836-6050  
Fax: (519) 836-2493

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**Stantec**

January 23, 2009  
File: 160960438

«Title» «First\_Name» «Last\_Name»  
«Address1»  
«City» «Prov» «Postal»

**Attention:** «Title» «Last\_Name»

Dear: «Title» «First\_Name» «Last\_Name»

**Reference: Invitation to Second Public Information Session  
Dawn Gateway Pipeline Project**

**Dawn Gateway LP**, a new venture owned equally by subsidiaries of Spectra Energy and DTE Energy, is currently working on a project which consists of the purchase of two existing natural gas transmission pipelines (known as the St. Clair River Crossing Line and St. Clair Line), and the construction of a new 24-inch (610 mm) diameter natural gas transmission pipeline (known as the Bickford to Dawn Line). The Project is located in St. Clair and Dawn-Euphemia Townships, Lambton County, Ontario.

Stantec Consulting Ltd. ("Stantec") has been retained by Dawn Gateway LP to prepare all environmental reports for the existing St. Clair pipelines and the proposed Bickford to Dawn Line. The reports will be completed as required under the NEB's *Filing Manual (February 2008)*, and will meet the requirements of the *Canadian Environmental Assessment Act*.

It is the intention of Dawn Gateway LP to file applications with the NEB in 2009. Construction for the Bickford to Dawn Line could begin as early as 2010.

Since Stantec's previous correspondence, dated November 28, 2008, we have reviewed the information received from the First Public Information Session, held on December 11, 2008, and analyzed the Alternative Corridors for the Bickford to Dawn Line. Using this information, Stantec has identified Alternative Corridor B as the Preliminary Preferred Corridor; Corridor B is bordered by Bentpath Line, Smith Line, the Dawn Compressor Station (Lot 25, Concession I, Dawn-Euphemia Township) and the Bickford Pool Compressor Station (Lot 6, Concession XII, St. Clair Township).

Please refer to the attached map which identifies the location of the existing St. Clair pipelines, and the Bickford to Dawn Line Study Area, Preliminary Preferred Corridor and Alternative Corridor.

To learn more about the Project and to provide input into the planning process, we invite you to attend an upcoming Public Information Session. Input received at the Second Public Information Session will be used to help confirm the selection of a Preferred Corridor for the Bickford to Dawn Line and to develop site-specific protection and mitigation measures. The Public Information Session will be conducted in a drop-in format with representatives from Dawn Gateway LP and Stantec available to discuss the Project and to respond to questions and comments.

**Stantec**

January 23, 2009  
«Title» «Last\_Name»

**Reference: Invitation to Second Public Information Session  
Dawn Gateway Pipeline Project**

Details regarding the Public Information Session are as follows:

**Wilkesport Community Centre  
1622 Baby Road  
Wilkesport, Ontario  
February 10, 2009  
6:30pm – 9:00pm**

We hope that you will attend the Second Public Information Session. If you or a representative are not able to join us, or if you have any questions regarding the Project, please do not hesitate to contact me.

Sincerely,

**STANTEC CONSULTING LTD.**



David Wesenger, B.S.  
Managing Principal, Environmental Management  
Tel: (519) 836-6050  
Fax: (519) 836-2493  
david.wesenger@stantec.com

Attachment: Map

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**5.0 Appropriate Test**

**Issue 5.1: Will the proposed transaction have an adverse effect on balance relative to the status quo in relation to the Board's statutory objectives?**

**Board Staff Question 11:**

Ref. a) The *Ontario Energy Board Act 1998*, S.O.1998, c.15, (Schedule B) /Section 2/  
Board Objectives, gas

Preamble:

Section 2 of the Ontario Energy Board Act 1998, covers the Board objectives, gas and states that:

*2. The Board, in carrying out its responsibilities under this or any other Act in relation to gas, shall be guided by the following objectives:*

*1. To facilitate competition in the sale of gas to users.*

*2. To protect the interests of consumers with respect to prices and the reliability and quality of gas service.*

*3. To facilitate rational expansion of transmission and distribution systems.*

*4. To facilitate rational development and safe operation of gas storage.*

*5. To promote energy conservation and energy efficiency in a manner consistent with the policies of the Government of Ontario.*

*5.1 To facilitate the maintenance of a financially viable gas industry for the transmission, distribution and storage of gas.*

*6. To promote communication within the gas industry and the education of consumers.  
1998, c. 15, Sched. B, s. 2; 2002, c. 23, s. 4 (2); 2003, c. 3, s. 3; 2004, c. 23,  
Sched. B, s. 2.*

**Questions:**

- (i) Please indicate how the proposed sale will facilitate competition in the sale of gas to users.
- (ii) Please indicate how the proposed sale will protect the interests of consumers with respect to prices and the reliability and quality of gas service.

- (iii) Please indicate how the proposed sale will facilitate rational expansion of transmission and distribution systems.
- (iv) Please indicate how the proposed sale will facilitate rational development and safe operation of gas storage.
- (v) Please indicate how the proposed sale will promote energy conservation and energy efficiency in a manner consistent with the policies of the Government of Ontario of facilitating the maintenance of a financially viable gas industry for the transmission, distribution and storage of gas.
- (vi) Please indicate how the proposed sale will promote communication within the gas industry and the education of consumers. 1998, c. 15, Sched. B, s. 2; 2002, c. 23, s. 4 (2); 2003, c. 3, s. 3; 2004, c. 23, Sched. B, s. 2.

**Response:**

- (i) Please refer to Ontario Energy Board application EB-2008-0411 Prefiled Evidence, SECTION 3 (pg. 6 of 9) for a description of benefits Dawn Gateway is expected to provide to consumers in Ontario.

The sale of the St Clair line is an integral and necessary part of the proposed plan to develop the Dawn Gateway Pipeline as a new international pipeline expansion linking Michigan and Ontario markets. The development of this additional firm year round transmission capacity into Ontario would facilitate competition in the sale of gas to users in Ontario because it would provide customers greater diversity and access to emerging sources of supply from the US Rockies, US shale basins and Gulf coast LNG. This new pipeline would also provide Ontario customers with a supply option to address the projected impacts associated with declining supply from the Western Canadian Sedimentary Basin. The Dawn Gateway Pipeline would also improve the reliability, diversity, depth and liquidity of the Ontario Dawn hub, which in turn will facilitate competition in the sale of gas to users.

Additional firm transportation capacity interconnecting gas storage in the Great Lakes Basin will provide additional competitive options for customers competing in the regional gas storage market. Enhanced access to supply markets and storage will benefit all Ontario gas customers.

- (ii) The sale of the St. Clair line and the associated development of the Dawn Gateway line will have a positive impact on the interest of consumers with respect to prices, and the reliability and quality of gas service.

Union's operational flexibility and the security of supply for all Ontario gas customers will be enhanced by the Dawn Gateway pipeline as set out in above in Union's response Board Staff Question 11 i) and also in Union's Prefiled Evidence, SECTION 3 (pg. 6 - 7). The increased interconnection of storage within the Great Lakes basin will provide Ontario consumers with additional options to manage price volatility.

The proposed sale will have no negative impact on Union's ability to serve customers located within St. Clair Township. Please refer to Union's response to Board Staff Question # 5, and Union's Prefiled Evidence, SECTION 4 (pg. 7 - 8).

There would be no material impact on Union's ratepayers as a result of the proposed sale of assets. There would be a small reduction in the rates of residential customers in the Southern Operations area (less than one dollar a year per customer) which would be incorporated into Union's rates proposals at the time it rebases in 2013 under incentive regulation. Please refer to Union's Prefiled Evidence, SECTION 6 (pg. 8 - 9).

- (iii) The sale of the St. Clair line will facilitate rational expansion of the gas transmission system because the development of the Dawn Gateway Pipeline as a new transmission line to Dawn serving Ontario's market participants will only occur if the sale takes place. Please refer to Union's response to Board Staff Question 1.

The creation of the Dawn Gateway Pipeline would meet a need for additional pipeline capacity linking Ontario customers to the gas supplies and gas storage facilities located in the US. Please refer to Union's response to CME Question # 2 b)

Additional firm pipeline capacity into Ontario will contribute to providing additional supplies and supply diversity into Dawn in order to supply the Ontario market. The Dawn Hub is a strong North American supply and pricing point from which rationale expansions of transmission capacity downstream of Dawn can occur subject to market demands. More supply to Dawn will directionally bring new buyers to the Dawn hub, enhancing an already liquid market. (Question – not sure we want to answer the question in this way – to me, this start to tie together Gateway with DT transmission expansion and may lead people to propose Union's DT transmission assets should also be NEB – I think we can cover the points we want to make as noted in the changes above)

The sale of the St Clair line will have no negative effects on Union's distribution system. Please refer to Union's response to Board Staff Question # 5, and Union's Prefiled Evidence, SECTION 4 (pg. 7 - 8).

- (iv) The creation of the Dawn Gateway Pipeline will facilitate rational development and safe operation of gas storage because it will provide Ontario's market participants with firm access to existing and new storage in Michigan, and this will further enhance the level of competition in the storage market. The expansion is rational by definition as customers who have competitive choices are prepared to contract and pay for this service such as the case with the Dawn Gateway Line. Please refer to Union's response to CME Question # 2 b).
- (v) & (vi) The proposed transaction will not impact these Board objectives.

UNION GAS LIMITED

Response to Interrogatory  
from Board Staff

**Issue 5.2: What is the appropriate test to be applied by the Board in this application?**

**Board Staff Question 12:**

**Questions**

- (i) In applying any test should the Board consider the impacts on Union's in-franchise customers only?
- (ii) If the answer to (i) above is negative, should the test be consideration of impacts on ex-franchise customers including transportation to the extent that it is critical for access to storage?
- (iii) Should that test also include, in addition to economic considerations, operational flexibility and security of supply?

**Response:**

- (i) No, the Board should not limit its consideration to the impacts on only Union's in-franchise customers.
- (ii) The test should give consideration to the impacts on ex-franchise customers, but the test should not be limited to considering the impact on only Union's in-franchise and ex-franchise customers.
- (iii) Union's submits that that the appropriate test should be similar to the no harm test that the Board applied to asset acquisitions in the Terrace Bay Superior Wires proceeding and to several recent proceedings involving applications for leave to acquire shares or amalgamate:

“The “no harm” test consists of a consideration as to whether the proposed transaction would have an adverse effect relative to the status quo in relation to the Board's statutory objectives. If the proposed transaction would have a positive or neutral effect on the attainment of the statutory objectives, then the application should be granted.”

(Decision and Order, p. 7-8, EB-2007-0666,  
EB-2007-0688, EB-2007-0726, EB-2007-0727)

The Board should weigh the overall impact of the proposed transaction on all of its statutory objectives. The Board should grant the application if, on balance, the positive effects of the transaction exceed or are equal to any negative effects on the statutory objectives. The test should therefore include a consideration of all factors relevant to the Board's statutory objectives, including, but not limited to, economic considerations, operational flexibility and

security of supply. In Union's view, there are no negative impacts of the proposed Dawn Gateway Line, but many positive benefits to Ontario and Ontario consumers as outlined in the evidence and in responses to interrogatories. Please also refer to Union's response to Board Staff Question # 11.

UNION GAS LIMITED

Response to Interrogatory  
from CME

Ref: Issue 2.0 and Application of Union Gas Limited ("Union"), Schedule A thereto, and Pre-Filed Evidence

1. The evidence indicates that the St. Clair line, which extends from its westerly St. Clair Valve Site to its terminus at the Bickford Compressor Station and existing connecting facilities which extend from Bickford to Dawn are currently part of Union's integrated Ontario transmission, distribution and storage system. The evidence indicates that currently, third party deliveries from the St. Clair Valve to Dawn are provided by Union under the auspices of its C1 Rate Schedule, or Hub services.

The proposed Dawn Gateway Joint Venture ("JV") plans to construct a pipeline from storage facilities in Michigan to the Dawn Compressor Station. The St. Clair line is proposed to be one segment of this new international pipeline. The Dawn Gateway JV proposes to build a new line from Bickford to Dawn, thereby looping Union's existing facilities connecting the St. Clair Pipeline to Dawn. The capacity of the proposed Dawn Gateway JV Pipeline is 385,000 GJs/day.

A footnote in Union's evidence indicates that Union is aware that other pipeline projects similar to the Dawn Gateway line, are under consideration and that Vector, Great Lakes Gas Transmission ("GLGT") and A&R Pipeline Company ("A&R") have each conducted an open season for proposed pipelines from Michigan to Dawn.

In the context of this evidence, please provide the following information:

- (a) Under an assumption that the proposed Dawn Gateway JV line terminates at the St. Clair Valve and the St. Clair line and incremental Dawn to EB-2008-0411 CME Interrogatories to Union Bickford facilities remain part of Union's integrated system, how much incremental annual revenue would Union realize under its C1 Rate Schedule and/or the M16 Rate Schedule (if it applies) for 385,000 GJs/day of transportation from the St. Clair Valve to Dawn?
- (b) Provide a current status report on each of the Vector, GLGT and A&R projects, including the capacity of each of those proposed pipelines.
- (c) Will the competing Vector, GLGT and A&R projects need to acquire Rate C1 and/or M16 Services from Union to transport gas from their proposed interconnections with the Union system to Dawn? If so, approximately how much incremental annual revenue would Union receive under each of the proposals being considered by Vector, GLGT and A&R?
- (d) If the St. Clair line and the incremental Bickford to Dawn facilities remain part of Union's integrated system, will these facilities continue to be operated in the same

manner as they would under the proposed federally regulated Dawn Gateway JV pipeline?

**Response:**

- a) The alternative proposed in this question is not an alternative which Union considers feasible. Please refer to Union's response to Board Staff Question # 1.
- b) Please refer to Union's response to FRPO Question #8
- c) All alternative pipeline proposals would tie directly into Dawn. Under these scenarios, their pipelines would not require transportation service from Union (C1 or M16).
- d) Union does not consider this to be a realistic alternative. Please see Union's response to Board Staff Question # 1.

UNION GAS LIMITED

Response to Interrogatory  
from CME

2. Please provide the following information with respect to the Dawn Gateway JV proposal to connect Michigan storage to Dawn:
- (a) An explanation of the need for the facilities connecting Michigan storage to Dawn, including the production of any documents in which the Dawn Gateway JV proponents have described the public interest need and rationale for the proposed pipeline.
  - (b) A description of the extent to which existing transmission connections between Michigan storage and Dawn are currently capacity constrained.
  - (c) A description of the extent to which Union and/or its affiliates expect to transmit gas on the Dawn Gateway JV pipeline, if approved, to support regulated services Union provides to its in-franchise and ex-franchise customers, including commodity sales to system gas users.
  - (d) A description of the extent to which third party shippers, unaffiliated with Union, are expected to be shippers on the pipeline, if it is approved.
  - (e) A description of the extent to which a 385,000 GJ/day pipeline connection between Michigan storage and Dawn is likely to change the price of unregulated storage services Union provides using its Ontario based storage assets.

**Response:**

- a) Dawn Gateway has not yet filed its NEB application, but Union understands that the benefits will be as set out in Union's response to Board Staff Question # 1 and Board Staff Question # 11.
- b) The NGEIR proceeding resulted from the Board's Natural Gas Forum Report and the OEB staff report, Natural Gas Electricity Interface Review. These proceedings focused on resolving the rates and services for natural gas-fired generators and on storage regulation in Ontario. The competitive nature and geographic location of the storage market serving Ontario was the subject of extensive evidence during the NGEIR hearing. The Board subsequently determined "*that Ontario storage operations compete in a geographic market that includes Michigan and parts of Illinois, Indiana, New York and Pennsylvania*" (NGEIR decision, p. 3). The Board also concluded "*that the geographic market [for storage] extends beyond Ontario, even though there is a lack of uncontracted firm pipeline capacity*" connecting Ontario customers to the other parts of the geographic market, including Michigan (NGEIR, p. 37).

In addition, in the Storage and Transportation Access Rule (STAR) proceedings, the Board recently referred to the likely increase in demand for transportation connecting Ontario to Michigan storage:

*“... the Board concludes that open seasons are the best means of ensuring that all potential customers have the opportunity to purchase existing long-term transportation capacity in an open and fair manner. This is especially important for the C1 and Rate 331 transportation paths which connect the Ontario market to the competitive storage markets in Michigan (and other states in the relevant geographic market as outlined in the NGEIR Decision). **The Board believes that interest in these paths is likely to increase over time.**”*

Notice of Proposal to Make a Rule,  
EB-2008-0052, p. 6, emphasis added

The existence of some capacity constraint is further supported by Dawn Gateway’s recent open season for firm transportation capacity between Michigan and Ontario. It is Union’s understanding that Dawn Gateway received long term bids at favourable rates that support advancing the international transmission project.

Union supports pipeline expansions that would reduce these capacity constraints and further enhance the competitive market for storage in the Great Lakes region.

- c) Please refer to Union’s response to Board Staff Question #7 v).
- d) Please refer to Union’s response to Board Staff Question #1.
- e) Directionally, Union would expect increased supply to result in a lower storage price at Dawn.

UNION GAS LIMITED

Response to Interrogatory  
from CME

Ref: All Issues and OEB Issues Decision and Order, including Final Issues List dated April 6, 2009

3. Please provide Union's response to each of the nine (9) questions contained in the Board's Final Issues List (reproduced below), along with the rationale for each response.

- (a) If the proposed sale is approved, should the St. Clair Line be under the jurisdiction of the Ontario Energy Board ("OEB") or the National Energy Board ("NEB")?
- (b) If the proposed Dawn Gateway Line is ultimately completed, should it be under the jurisdiction of the OEB or the NEB?
- (c) What impact would the proposed change in the ownership and operating control of the St. Clair Line have on the integrity, reliability, and operational flexibility of Union's transmission and distribution systems?
- (d) How would the proposed sale of the St. Clair Line impact Union's ability to connect future customers that are in proximity to the St. Clair Line?
- (e) How would the proposed sale impact Union's ability to provide services to its existing customers, and what would be the impact on its rates? How should the proceeds of the proposed sale be treated for future rate making purposes?
- (f) How would a change in ownership and regulatory oversight impact the landowners' interests including any land use restrictions, rights under existing agreements, abandonment obligations, and availability of costs awards related to regulatory proceedings?
- (g) Have all Aboriginal Peoples whose existing or asserted Aboriginal or treaty rights may be affected by the proposed sale been identified, have appropriate consultations been conducted with these groups, and if necessary, have appropriate accommodations been made with these groups?
- (h) Will the proposed transaction have an adverse effect on balance relative to the status quo in relation to the Board's statutory objectives?
- (i) What is the appropriate test to be applied by the Board in this application?

**Response:**

- a) The St. Clair Line should continue to be regulated by the OEB until it is actually sold to Dawn Gateway LP at which time it should come under the jurisdiction of the NEB as part of the greater Dawn Gateway line. Please refer to Union's response to Board Staff Question # 1.
- b) The Dawn Gateway Line should at all times be under the jurisdiction of the NEB including for obtaining leave to construct. Please refer to Union's response to Board Staff Question # 1.
- c) The transmission and distribution system in the area around the location of the St Clair Line is the Sarnia Industrial Line system (SIL). The SIL pipeline network is adequately sized to maintain required pressures for all the residential and industrial customers connected to it on a peak day, based on gas sourced at Union's TCPL / GLTL Courtright and Union's Vector Courtright station. The SIL would also have the ability to receive gas from the new Dawn Gateway Line at the St Clair Line station. Therefore the change in ownership and operating control of the St Clair Line would have no adverse impacts on peak day design and no adverse impacts on system integrity or reliability.

Union's operational flexibility will be enhanced by the Dawn Gateway Line as set out in Union's response to Board Staff Question # 11 and also in Union's prefiled evidence Section 3 (pages 6 & 7).

- d) Please refer to Union's response to Board Staff Question # 5.
- e) As indicated in Section 6, page 8 of Union's pre-filed evidence:

Union has identified that the proposed sale will result in the discontinuation of transportation service between St. Clair and Dawn under the C1 rate schedule, and Hub services such as title transfers and hub balancing at St. Clair. However, Union expects that customers currently served by the St. Clair line will be able to get the equivalent and enhanced service on the Dawn Gateway pipeline. There are no other service impacts to customers.

The impact on residential customer rates in the Southern Operations area is a rate reduction of just less than one dollar a year per residential customer is not considered to be material.

- f) Please refer to Union's response to Board Staff Question # 9.
- g) Yes, appropriate consultations have been conducted with Aboriginal Peoples. In addition to written correspondence, communications with identified First Nations included a meeting with representatives from the Walpole Island First Nation. Please see Board Staff interrogatory #10 for further details.
- h) No. Please refer to Union's response to Board Staff Question # 11.

- i) Please refer to Union's response to Board Staff Question # 12.

UNION GAS LIMITED

Response to Interrogatory  
from FRPO

**2.0 Impact on Union's Transmission and Distribution Systems and Union's Customers**

**2.1 What impact would the proposed change in the ownership and operating control of the St. Clair Line have on the integrity, reliability, and operational flexibility of Union's transmission and distribution systems?**

**Ref: Prefiled Evidence, paragraph 24**

**Question 1:** Has Union ever submitted an application to the Board for the looping of the Bickford to Dawn line under any facilities application in the past? If so, please summarize the economics submitted in that period and the Board's decision with reasons in the matter.

**Response:**

Union has submitted two applications to the OEB to loop the Bickford Dawn pipeline. In 1993 Union submitted an application EBLO 244 which had a PI of 1.96. The OEB turned down this application. In 1999 Union submitted a second application RP-1999-0030 which had a PI of 1.5. This application was withdrawn prior to a Decision by the OEB.

UNION GAS LIMITED

Response to Interrogatory  
from FRPO

**Question 2:** What impact will the proposed sale have on Union's ability to provide firm high-deliverability storage at peak winter periods and non-peak winter periods?

**Response:**

The proposed sale will have no impact on Union's ability to provide firm high deliverability storage.

UNION GAS LIMITED

Response to Interrogatory  
from FRPO

**Question 3:** Will the proposed sale have any implications on Union's cushion gas or control point variance gas in its forecasting models? If so, what is the quantity of gas and what is Union's proposed disposition?

**Response:**

The proposed sale will have no impact on Union's cushion gas requirements or the control point variance.

UNION GAS LIMITED

Response to Interrogatory  
from FRPO

**2.3 How would the proposed sale impact Union's ability to provide services to its existing customers, and what would be the impact on its rates? How should the proceeds of the proposed sale be treated for future rate making purposes?**

**Question 4:** What was the original cost of the pipeline when constructed?

**Response:**

The cost of the pipeline filed with the OEB in the post construction financial report was the sum of \$7,787,556.00.

UNION GAS LIMITED

Response to Interrogatory  
from FRPO

**Question 5:** How was the pipeline moved into Union Gas ownership and what value was added into rate base in what year? What were the commercial arrangements with St. Clair Pipelines?

**Response:**

As referred to in Union's response to FRPO question # 4, Union constructed the St. Clair Line. Union did not purchase it from anyone.

Additions to rate base in respect of the capital costs of all the assets that Union is proposing to transfer to Dawn Gateway LP were made in the following years:

1987	5,149.84
1988	
1989	
1990	8,715,528.52
1991	837,253.92
1992	93,745.31
1993	29,481.60
1994	525.65
1995	632,623.11
1995	
1996	(100.49)
1997	
1998	6,835.60
1999	2,303.87
2000	
2001	
2002	912.57
2003	190,329.06
2004	25,862.73
2005	963.98
2006	
2007	
2008	
Total	<u><u>10,541,415.28</u></u>

UNION GAS LIMITED

Response to Interrogatory  
from FRPO

**Ref: Prefiled Evidence, paragraph 21**

**Question 6:**

Union has stated that the volumes through the line have significantly less than the capacity of the line. Please extend the table in paragraph 21 adding columns showing:

- a) the net depreciated value of the pipeline;
- b) the revenues associated with the annual throughput;
- c) the resulting margin from those revenues;
- d) the determined rate of return for those years;
- e) the OEB approved rate of return for Union Gas in those respective years.

**Response:**

a) – e) **MichCon-Union Gas Interconnect  
Receipt at St. Clair Valve Site**

Year	Total Qty GJ	Avg. Qty/ Day GJ/d	Avg. Qty As a % of Daily Cap.	Net Deprec. Value (Pipe) (\$000's)	Revenue <sup>1</sup> (\$000's)	OEB Approved Rate of Return
2003	12,871,981	35,266	16.5%	\$6,961.150	\$400	9.95% <sup>2</sup>
2004	7,734,450	21,190	9.9%	\$6,709.727	\$836	9.62% <sup>3</sup>
2005	7,109,431	19,478	9.1%	\$6,432.921	\$642	9.62%
2006	1,933,078	5,296	2.5%	\$6,155.134	\$297	9.62%
2007	3,654,821	10,013	4.7%	\$5,877.347	\$120	8.54% <sup>4</sup>
2008	10,504,332	28,779	13.4%	\$5,738.454	\$542	8.54%

The actual margins from revenues and the actual determined rate of return are not available because Union does not allocate operating and maintenance costs to individual parts of its pipeline system.

The percentages in Column 4 have been revised to reflect an evidence update to paragraph 21 and 22 of the prefiled evidence. The capacity of the St. Clair Line should be 214,000 GJ/d. (not 200,350 GJ/d as originally stated in paragraphs 21 and 22.

Notes:

- 1 Revenue associated with Firm and Interruptible Transport, net of unaccounted for gas and excluding compressor fuel.
- 2 RP-1999-017 Decision with Reason, 2001 July 21, 2.5.6 Return on Equity Adjustment (ROE Adjustment)
- 3 EB-2005-0520, Exhibit E6, Tab 1, Schedule 1, Line 5
- 4 EB-2005-0520, Rate Order, Working Papers, Schedule 3, Line 18

UNION GAS LIMITED

Response to Interrogatory  
from FRPO

**Question 7:** What would Union's experienced but round number estimate be for the cost of a pipeline looping the Bickford to Dawn line that would carry the 385,000 GJ/day stated in paragraph 33 of the evidence? With using these costs and the anticipated incremental revenues at the margin, what would the expected rate of return on a Union Gas-owned St. Clair Line to Dawn?

**Response:**

The alternative proposed in this question is not an alternative which Union considers feasible. Please refer to Union's response to Board Staff Question # 1.

UNION GAS LIMITED

Response to Interrogatory  
from FRPO

**5.0 Appropriate Test**

**5.1 Will the proposed transaction have an adverse effect on balance relative to the status quo in relation to the Board's statutory objectives?**

**Ref: Prefiled Evidence, paragraph 37, footnote 1**

**Question 8:** Please provide a summary of the publicly available information on the competing proposals referenced at this footnote.

**Response:**

For a summary of the competing projects please see Attachment # 1.

Name	Company	Volume	Contract Term	Proposed Rate	Fuel	In-Service Date	Open Season		New Assets Required	Project Proceeding?
							Start Date	End Date		
Dawn Express	ANR (Transcanada)	up to 1,000 MMcfd	10 years	\$0.32 - \$0.35 /Dth/d	0.52%	Nov 1, 2012	02-Sep-08	30-Sep-08	100 miles of 36" pipe connecting ANR (Willow Run)	unknown
Dawn Eclipse	GLGT (Transcanada)	up to 400 MMcfd	minimum 1 yr	\$0.17 /Dth/d	0.20%	Nov 1, 2009/10	26-Sep-08	15-Oct-08	New meter station at Belle River Mills	unknown
Vector Expansion	Vector Pipeline	up to 700 MMcfd	Long Term			Nov 1, 2010	02-Sep-08	30-Sep-08	Loop Canadian pipeline	No
Dawn Gateway	DTE and Spectra	up to 400 MMcfd	10 years		0.20%	Nov 1, 2010	22-Sep-08	15-Oct-08	17 Km new 24" pipe connecting existing facilities to	Yes

UNION GAS LIMITED

Response to Interrogatory  
from FRPO

**Question 9:** Please provide Union's position on the effect of Spectra and DTE having a four year option on purchasing this pipe at book value on the competing proposals?

**Response:**

Union is requesting that leave to complete the sale to Dawn Gateway LP be extended until December 31, 2013 in order that Dawn Gateway will have sufficient time to complete all the steps needed to put the Dawn Gateway Line into service, including obtaining its regulatory approvals and also completing construction of the Bickford to Dawn portion of the line. Union is not aware of what effect, if any, this request may have on the competing proposals. Union expects that those projects will proceed, or not proceed, based on their own project merits.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction  
2.0 Impact on Union's Transmission and Distribution Systems

**References:** Union Gas Pre-filed Evidence, Section 3 Benefits of Integrating the St. Clair Line into the Dawn Gateway Line

**Preamble:** Union Gas states that the proposed Dawn Gateway Line will eliminate the capacity constraint that currently exists on the Bickford-Dawn line and restricts the use of the St. Clair line. The removal of this constraint will allow greater access to gas storage for Ontario customers, improve the security of supply and increasing storage connectivity.

**Request:**

- a) Please confirm that none of the benefits cited by Union Gas in Section 3 are dependent upon the transfer of jurisdiction of the St. Clair-Bickford pipeline from OEB to NEB jurisdiction. If this confirmation is not provided, please explain why not.
- b) Please confirm that none of the benefits cited by Union Gas in Section 3 are dependent upon the Bickford-Dawn section of the proposed Dawn Gateway pipeline being regulated by the NEB as opposed to the OEB. If this confirmation is not provided, please explain why not.
- c) Please confirm that the removal of the capacity constraint referenced by Union Gas in Section 3 through the construction of a new Bickford-Dawn line can be achieved without the transfer of jurisdiction of the St. Clair-Bickford line from the OEB to the NEB jurisdiction. If this confirmation is not provided, please explain why not.

**Response:**

- a) Please refer to Union's response to Board Staff Question # 1.
- b) Please refer to Union's response to Board Staff Question # 1.
- c) The alternative proposed in this question is not an alternative which Union considers feasible. Please refer to Union's response to Board Staff Question # 1.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction  
2.0 Impact on Union's Transmission and Distribution Systems

**References:** Union Gas Application to OEB for St. Clair-Bickford Line – E.B.L.O.  
226, Pre-filed Evidence, para. 87

**Preamble:** Agreements involving Union Gas, St. Clair Pipelines and MichCon were required in order to ensure the proposed facilities were constructed and operated in a manner which met the requirements of the parties. Formal agreements were being prepared.

**Request:**

- a) Please provide a copy of the agreement(s) referenced in this paragraph.
- b) Please provide a copy of the operating agreement currently in place between MichCon, Union Gas and St. Clair Pipelines.

**Response:**

- a) – b) The following agreements can be found at Attachment # 1.
- Construction Agreement (MichCon, UG, St. Clair) May 1, 1988
  - Agreement for Construction Services (UG, St. Clair) May 1, 1988
  - Operating Agreement – Belle River –Bickford Pipeline (MichCon, UG, St. Clair) May 1, 1988
  - Agreement for Operating and Maintenance Services (UG, St. Clair) Dec 15, 1989

## CONSTRUCTION AGREEMENT

THIS AGREEMENT is made as of the 1st day of May, 1988, among MICHIGAN CONSOLIDATED GAS COMPANY, a Michigan corporation ("MichCon"), UNION GAS LIMITED, an Ontario corporation ("Union") and ST. CLAIR PIPELINE, LIMITED, a Canada corporation (St. Clair") witnesses that whereas:

A. The parties desire to build a natural gas pipeline from St. Clair County, Michigan, U.S.A. to Lambton County, Ontario, Canada to be known as the Belle River - Bickford Pipeline; and

B. The parties believe that the most efficient way to complete this pipeline is by the joint efforts of the parties;

NOW THEREFORE, MichCon, Union and St. Clair agree as follows:

### 1. DEFINITIONS

1.1 "Approvals" has the meaning attributed to it in Section 2.1(a).

1.2 "International Border" means the point on the Belle River - Bickford Pipeline which corresponds to the international border between the United States and Canada.

1.3 "Pipeline" has the meaning attributed to it in Section 3.

1.4 "Property Rights" has the meaning attributed to it in Section 2.1(b).

1.5 "Shared Section" has the meaning attributed to it in Section 4.

### 2. CONDITIONS

2.1 The obligations of the parties are effective upon execution hereof except that the obligations to commence construction are conditioned upon the obtaining of

- (a) all regulatory and governmental approvals, permits, licenses or authorizations (the "Approvals") necessary or advisable to construct the Pipeline and satisfactory to the parties; and

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(b) all lands rights-of-way or easements (the "Property Rights") necessary or advisable for the construction, ownership and operation of the Pipeline.

2.2 Each party shall make timely filings and use their respective reasonable best efforts to obtain the Approvals and the Property Rights as quickly as possible.

2.3 Any Approvals and Property Rights associated with the river crossing will be obtained by the party to whom they are assigned in Schedule A. Each party will be responsible to obtain all Approvals and Property Rights associated with those portions of the Pipeline for which, by Section 5, they are solely responsible. The parties shall be jointly responsible to obtain the Approvals and Property Rights associated with the Shared Section.

2.4 In the event the Approvals and the Property Rights have not been obtained by November 1, 1989, either party may, provided it is not the party responsible for the failure to obtain the missing Approvals or Property Rights, on 30 days written notice to that effect to the other, terminate this Agreement.

### 3. CONSTRUCTION

Subject to the terms of this Agreement, the parties agree to construct the Belle River - Bickford Pipeline, a natural gas pipeline beginning in Section 11, China Township, St. Clair County, Michigan, proceeding under the St. Clair River, and terminating in Lot 6, Concession 12, Sombra Township, Lambton County, Ontario (the "Pipeline").

### 4. SHARED RESPONSIBILITIES AND COSTS

MichCon and St. Clair agree to share the responsibilities and costs associated with the crossing of the St. Clair River from point of entry to point of exit of the directional bore ("the Shared Section"). The responsibilities of each party are set forth in Schedule A. The activities for which costs will be shared are set forth in Schedule B. Other than as set forth in Schedule B, each party shall bear its own costs.

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5. SOLE RESPONSIBILITIES AND COSTS

5.1 MichCon agrees to undertake all design, engineering and construction work, and assume all costs, for that portion of the Pipeline on the U.S. side of the International Border from the interconnect with the river boring to Belle River Mills.

5.2 St. Clair agrees to undertake all design, engineering and construction work, and assume all costs, for that portion of the Pipeline on the Canadian side of the International Border from the inter-connect with the river boring to the St. Clair Valve Site.

5.3 Union agrees to undertake all design, engineering and construction work, and assume all costs, for that portion of the Pipeline on the Canadian side of the International Border from the St. Clair Valve Site to its Bickford Compressor Station.

6. DESIGN AND ENGINEERING

The parties shall collaborate on the design and engineering of the Shared Section. MichCon, Union and St. Clair are free to design, engineer and construct that portion of the Pipeline for which they are solely responsible as they see fit; provided, however, that, in so doing, the parties shall ensure that their portions are constructed in accordance with applicable codes and standards and with prudent industry practise. The parties agree to coordinate their design and engineering efforts so that when completed, the Pipeline will be capable of being operated as a single system. The Pipeline shall be sized so as to allow an initial flow of 200 million cubic feet of natural gas per day and be designed to operate at a maximum allowable operating pressure of 1365 psig.

7. FORCE MAJEURE

7.1 Neither party shall be liable to the other for damages or any other remedy, legal or equitable, for any act, omission or circumstances caused by or resulting from acts of nature, strikes, lockouts, explosions, breakage or accident to machinery or lines of pipe or the necessity to make repairs, test, or alternations to machinery or lines of pipe, line freezeups, or the binding order of any court or governmental authority ("Force Majeure"). Nothing in this Section shall relieve either party from any

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obligation to make payments of amounts already due and owing.

7.2 Neither party shall be relieved of liability by Force Majeure unless notice and full particulars are first given to the other party either in writing or by telegraph, teletype or telex as soon as possible after the occurrence of the event of Force Majeure. Each party shall notify the other immediately whenever, in the notifying party's sole judgment, circumstances exist that might lead to a request to invoke Force Majeure under Section 7.1. In order to continue the protection of Section 7.1, the party suffering the Force Majeure must use all reasonable efforts on a continuing basis to rectify the cause of the Force Majeure. However, nothing in the foregoing sentence shall interfere with either party's right to settle labour disputes on terms they see fit.

## 8. LIABILITY

8.1 MichCon and St. Clair shall be jointly responsible for any third party liability associated with the Shared Section. The parties assume individual liability for that portion of the pipeline for which they have individual responsibility as defined in Section 5. Each party agrees to indemnify and hold the other harmless from any damages that arise as a result of that party's actions or failures to act in respect of the portion of the Pipeline for which they have individual responsibility as defined in Section 5.

8.2 MichCon and St. Clair shall each, or if they agree, jointly, at all times during the construction of the Shared Section carry, at their respective (or joint) expense, and on such forms and terms as will protect the others in a reliable insurance company which is authorized to do business in the area in which the work is to be performed hereunder, Comprehensive General Liability Insurance, including Blanket Contractual Coverage with Full Defense Coverage for MichCon and St. Clair, with limits of not less than Five Million Dollars Combined Single Limit covering injuries to or death of one or more persons and property damage liability.

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8.3 The above-described insurance policy or policies shall name Union, St. Clair and MichCon, and all of their respective officers, agents and employees, as Insured and the policy or policies shall contain a provision that the insurance companies will have no right or recovery or subrogation against MichCon, Union or St. Clair, it being the intention of the parties hereto that the insurance so effected shall protect all parties and be primarily liable for any and all losses covered by the above-described insurance coverage.

8.4 In the event that St. Clair and MichCon obtain individual policies of insurance:

- (a) the policies shall contain provisions that no cancellation or material changes in the policies shall become effective except on 30 days advance written notice thereof to MichCon or St. Clair, as the case may be, to the attention of the Risk Management Department;
- (b) fifteen days after execution of this Construction Agreement, but in any event prior to the start of construction, St. Clair shall submit to MichCon, and MichCon shall submit to St. Clair, Certificate(s) of Insurance evidencing the insurance coverages equal to or in excess of those set forth above and shall, if required by the other, furnish certified copies of any or all of the required policies of insurance; and
- (c) notwithstanding anything in this Section 8, St. Clair may fulfill its obligations hereunder by Union extending its insurance coverage to apply to St. Clair and MichCon provided that such coverage meets all the requirements of this Section 8.

9. BILLING AND PAYMENT

9.1 Thirty days after the Shared Section is completed, the parties to this Agreement shall invoice each other for their respective portions of the shared costs as determined with reference to Schedule B. All invoices shall be paid within 30 days of receipt after being netted out against each other.

9.2 All invoices rendered to and by any party shall be denominated in U.S. dollars. If the expenses were incurred in Canadian dollars or other currencies, they shall be converted as at the date of the invoice into U.S. dollars at the then-prevailing exchange rate.

9.3 Any party shall have the right, during normal business hours, to examine the books and records of any other party to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to the provision of this Agreement. If any such examination reveals an inaccuracy resulting in an error in any billing under this Agreement, the necessary adjustments in such bill and payments shall be promptly made. This examination shall, if it is to take place at all, take place within 90 days of receipt of the invoices referred to in Section 9.1.

10. JURISDICTION

This Agreement shall be governed by the law of the state of Michigan. It is agreed that any and all litigation related to this Agreement shall be brought in either a state or federal court located within the state of Michigan, and each party, for the purpose of any such litigation, hereby submits to the exclusive jurisdiction and venue of that court.

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11. NOTICE

11.1 Notices under this Agreement shall be addressed to:

Michigan Consolidated Gas Company  
500 Griswold Street  
Detroit, Michigan 48226

Attention: Vice President, Gas Supply

Tel. (313) 256-6439  
Telecopy (313) 256-6416

or Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario N7M 5M1

Attention: Vice President, Engineering

Tel. (519) 436-4591  
Telecopy (519) 436-4566

or St. Clair Pipeline, Limited  
21 St. Clair Avenue East  
Toronto, Ontario M4T 2T7

Attention: President

Tel. (416) 961-1200  
Telecopy (519) 923-3299

11.2 Either party may change its address under this Agreement by written notice to the other party. Unless otherwise provided herein, all notices given by one party to the other shall be sent by registered mail, overnight mail or by telex, telecopy and shall be effective upon receipt. However, routine communications, including monthly statements, shall be considered as duly delivered when mailed by either registered, overnight or ordinary mail. No notice may be given by mail during an actual or apprehended mail disruption between Chatham and Detroit.

12. MISCELLANEOUS PROVISIONS

12.1 Headings: The headings used throughout this Agreement are inserted for convenience of reference only and are not to be considered or taken into account in construing the terms or provisions thereof nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

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12.2 Assignability: Neither party shall assign this Agreement without the prior written consent of the other.

12.3 Gender, Number and Internal References: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein", "hereunder" and words of similar import refer to the entirety of this Agreement, including the Schedules incorporated into this Agreement, and not only to the Section in which such use occurs.

12.4 Time of Essence: Time shall be of the essence hereof.

12.5 Entire Contract: This Agreement, including the Schedules hereto which are hereby incorporated by reference, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Agreement supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

12.6 Successors and Assigns: This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

12.7 Counterparts: This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary to produce all counterparts in order to prove this Agreement.

12.8 Indemnity: Wherever in this Agreement a party (hereinafter referred to as "the indemnifying party") has agreed to indemnify and/or hold the other party (hereinafter referred to as the "other party") harmless, the other party shall promptly notify the indemnifying party of any claim made against it and shall keep the indemnifying party fully informed of the progress of the proceedings. The indemnifying party may, in its sole discretion, elect to assume the defence of the action and in such event the other party shall co-operate fully,

including providing such witnesses, data and other evidence as may be available to it.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

UNION GAS LIMITED

By [Signature]  
Title Vice-President

By [Signature]  
Title Assistant Secretary

ST. CLAIR PIPELINE, LIMITED

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

MICHIGAN CONSOLIDATED GAS COMPANY

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

SCHEDULE A - Allocation of Responsibilities

SCHEDULE B - Cost Sharing Activities

including providing such witnesses, data and other evidence as may be available to it.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

**UNION GAS LIMITED**

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

**ST. CLAIR PIPELINE, LIMITED**

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

**MICHIGAN CONSOLIDATED GAS COMPANY**

By Stephen Euryj

Title **PRESIDENT**

By Stanley G. Swaine

Title **VICE PRESIDENT**

SCHEDULE A - Allocation of Responsibilities

SCHEDULE B - Cost Sharing Activities

including providing such witnesses, data and other evidence as may be available to it.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as fo the day and year first above noted.

UNION GAS LIMITED

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

ST. CLAIR PIPELINE, LIMITED

By M. Howard

Title Pres

By [Signature]

Title Secretary

MICHIGAN CONSOLIDATED GAS  
COMPANY

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

SCHEDULE A - Allocation of Responsibilities

SCHEDULE B - Cost Sharing Activities

**SCHEDULE A**  
**BELLE RIVER - BICKFORD PIPELINE CONSTRUCTION AGREEMENT**  
**ALLOCATION OF RESPONSIBILITIES**

**MICHCON RESPONSIBLE**

1. Obtain all U.S. regulatory & governmental approvals for river crossing. Does not include any export/import authority.
2. Obtain all U.S. permits for river crossing.
3. Obtain land on U.S. side of river for directional bore at point of entry.
4. Obtain quotes from horizontal drilling contractors.
5. Award and administer contract for drilling the river crossing including approval of changes from the original contract and approval of all payments to contractor.
6. Dispose of boring mud on U.S. side of river.
7. Provide cathodic protection insulators at river.
8. Design and install pig launching facilities capable of handling a T.D. Williamson smart pig or equivalent.
9. Design and construct Pipeline from Belle River Mills Station to interconnect with river crossing including a valve at the river.
10. Design and install all metering for the pipeline on the U.S. side of International Border. MichCon to be the sole metering agent.
11. Provide flow control to Canadian side.
12. Install line break or low pressure controls on valve on U.S. side of St. Clair River.

**ST. CLAIR PIPELINE LIMITED**

1. Design and construct the Pipeline from interconnect with river crossing to St. Clair Valve Site.

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2. Obtain all Canadian regulatory & governmental approvals for river crossing.
3. Obtain all Canadian permits necessary for river crossing.
4. Obtain land on Canadian side of river for directional bore point of exit.
5. Obtain soil samples for river boring on both Canadian and U.S. side and provide copy of results to Michcon.
6. Obtain riverbed profile on both Canadian and U.S. side and provide copy of results to Michcon.
7. Obtain survey and drawings on both the Canadian and U.S. side.
8. Obtain pipe and coating quotes for river boring.
9. Purchase pipe for river boring. Pipe to be per MichCon & Union standards, and per API and CSA standards.
10. Arrange for third party inspection of river boring pipe and coating at mills and provide copy of results to Michcon.
11. Arrange for stringing, welding and pre-testing (24 hours to yield) pipe for river boring.
12. Dispose of boring mud on Canadian side.
13. Arrange for 100% X-Ray of welds for river boring and provide copy of test results to Michcon.

UNION GAS LIMITED RESPONSIBLE

1. Design and construct Pipeline from St. Clair Valve Site to Bickford Compressor Station.
2. Design and install pig receiving facilities capable of handling a T.D. Williamson smart pig or equivalent.
3. Install line break or low pressure controls on valves on Canadian side of river.
4. Provide cathodic protection insulators at river crossing if necessary.

**SCHEDULE B**  
**BELLE RIVER - BICKFORD PIPELINE CONSTRUCTION AGREEMENT**  
**COST SHARING ACTIVITIES**

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All costs associated with the following construction activities will be shared equally between MichCon and St. Clair Pipeline:

1. The horizontal drilling contract to directionally bore the Shared Section including all associated permits and customs costs.
2. Soil samples for Shared Section; survey associated with river crossing.
3. Pipe and coating for Shared Section from point of entry to point of exit of directional bore.
4. Third party inspections of Shared Section pipe and coating at mills.
5. The preparation, testing and installation of the pipe for the Shared Section.
6. The disposal of drilling mud on U.S. & Canadian sides of river.
7. X-Raying (100%) of welds for Shared Section.
8. All other costs associated with the Shared Section.
9. Design and install a cathodic protection system for the Shared Section.

AGREEMENT FOR CONSTRUCTION SERVICES

THIS AGREEMENT made as of the 1st day of May, 1988, between ST. CLAIR PIPELINE, LIMITED, a Canada corporation ("St. Clair") and UNION GAS LIMITED, an Ontario corporation ("Union") witnesses that whereas:

- A. St. Clair owns and will construct and operate a natural gas pipeline forming part of the Belle River - Bickford Pipeline;
- B. St. Clair, Union and Michigan Consolidated Gas Company ("MichCon") have entered into an agreement (the "Construction Agreement"), a copy of which is attached hereto, setting forth their respective obligations in respect of the St. Clair - Bickford Pipeline;
- C. St. Clair has requested Union to provide construction services on its behalf to enable it to fulfill its obligations under the Construction Agreement;
- D. Union is willing to provide the requested construction services subject to the terms and conditions contained in this Agreement;

NOW THEREFORE, St. Clair and Union agree as follows:

1. CONSTRUCTION SERVICES

Subject to the terms and conditions of this Agreement, Union shall fulfill or cause to be fulfilled, all St. Clair's obligations under the Construction Agreement.

2. REIMBURSEMENT

2.1 St. Clair shall reimburse Union for all its reasonable direct and indirect costs in performing the services contemplated in Section 1 including, without limit, amounts paid to third parties, salaries and benefits paid to Union employees engaged in such services, any financing costs and overhead.

2.2 In the event MichCon, Union and St. Clair determine not to proceed with the St. Clair - Bickford Pipeline,

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this agreement shall terminate as of the date of such decision and neither party shall have any obligation to the other whether for payments under section 2.1, reimbursement of any such payments or otherwise.

3. BILLING AND PAYMENT

3.1 On approximately the 20th day of each calendar month, Union shall render a statement to St. Clair for the amounts to be reimbursed for the preceding calendar month. St. Clair will pay to Union on the 10th day after the statement is received, the amount billed in that statement.

3.2 All payments shall be made in the form of immediately available funds (electronic funds) directed to a bank account designated by Union.

3.3 St. Clair shall have the right at all reasonable times to examine the books, records and charts of Union to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this Agreement.

3.4 Should St. Clair fail to pay the amount of any statement rendered by Union when such amount is due, St. Clair shall be liable for a monthly late payment charge calculated at an annual rate equal to the prime rate announced from time to time by principal lenders plus 2% on the unpaid balance.

3.5 Should St. Clair fail to pay the amount of any statement rendered by Union when such amount is due, unless such amount is in good faith disputed by St. Clair, Union may, after 10 days prior written notice, suspend further construction services hereunder until such amount is paid.

3.6 If either party shall find, within 12 months after the date of any statement rendered by Union, that St. Clair has been overcharged in the amount billed, St. Clair may submit a statement for a refund of such overcharge and Union, upon verification, shall refund the overcharge within 30 days together with interest thereon calculated as in Section 3.4.

3.7 If either party shall find, within 12 months after the date of any statement rendered by Union, that St.

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Clair has been undercharged in the amount billed, Union may submit a statement for such undercharge, and St. Clair, upon verification, shall pay such amount within 30 days together with interest thereon calculated as in Section 3.4.

4. FORCE MAJEURE AND REMEDIES

4.1 Neither party shall be liable to the other for damages or any other remedy, legal or equitable, for any act, omission or circumstances caused by or resulting from acts of nature including weather which prevents boring under the St. Clair River or pulling of the line, strikes, lockouts, explosions, breakage or accident to machinery or lines of pipe or the necessity to make repairs, test, or alterations to machinery or lines of pipe, line freezeups, or the binding order of any court or governmental authority ("Force Majeure"). Nothing in this Section shall relieve either party from any obligation to make payments of amounts already due and owing.

4.2 Neither party shall be relieved of liability by Force Majeure unless notice and full particulars are first given to the other party either in writing or by telegraph, telecopy or telex as soon as possible after the occurrence of the event of Force Majeure. Each party shall notify the other immediately whenever, in the notifying party's sole judgment, circumstances exist that might lead to a request to invoke Force Majeure under Section 13.1. In order to continue the protection of Section 13.1, the party suffering the Force Majeure must use all reasonable efforts on a continuing basis to rectify the cause of the Force Majeure. However, nothing in the foregoing sentence shall interfere with either party's right to settle labour disputes on terms they see fit.

5. INDEMNITY

St. Clair shall indemnify and save harmless Union, its servants, agents and employees from all demands and claims including, but not limited to, bodily injury and property damage howsoever caused which arise before, during or after completion of this work under this contract. Union shall indemnify and save harmless St. Clair, its employees and agents from all claims of whatsoever nature or kind arising out, or in respect of the willful misconduct of Union, its employees or agents.

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6. GOVERNING LAW

This Agreement shall be governed by the law of Ontario.

7. NOTICES

7.1 Notices under this Agreement shall be addressed to:

St. Clair Pipeline, Limited  
21 St. Clair Avenue East  
Toronto, Ontario M4T 2T7  
Attention: President

Tel. (416) 961-1200  
Telecopy (416) 923-3299

or

Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario N7M 5M1  
Attention: Manager Gas Control

Tel. (519) 436-4524  
Telecopy (519) 436-4630

7.2 Either party may change its address under this Agreement by written notice to the other party. Unless otherwise provided herein, all notices given by one party to the other shall be sent by registered mail, overnight mail or by telex, telecopy and shall be effective upon receipt. However, routine communications, including monthly statements, shall be considered as duly delivered when received by either registered, overnight or ordinary mail. No notice may be given by mail during an actual or apprehended mail disruption between Chatham and Toronto.

8. MISCELLANEOUS PROVISIONS

8.1 Headings: The headings used throughout this Agreement are inserted for convenience of reference only and are not to be considered or taken into account in construing the terms or provisions hereof nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

8.2 Gender, Number and Internal References: Unless the context otherwise requires, words importing the singular

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include the plural and vice versa, and words importing gender include all genders. The words "herein", "hereunder" and words of similar import refer to the entirety of this Agreement and not only to the Section in which such use occurs.

8.3 Time of Essence: Time shall be of the essence hereof.

8.4 Successors and Assigns: This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

8.5 Counterparts: This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary to produce all counterparts in order to prove this Agreement.

8.6 Indemnity: Wherever in this Agreement a party (hereinafter referred to as "the indemnifying party") has agreed to indemnify and/or hold the other party (hereinafter referred to as the "other party") harmless, the other party shall promptly notify the indemnifying party of any claim made against it and shall keep the indemnifying party fully informed of the progress of the proceedings. The indemnifying party may, in its sole discretion, elect to assume the defence of the action and in such event the other party shall cooperate fully, including providing such witnesses, data and other evidence as may be available to it.

8.7 Non-Waiver: No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

8.8 No Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

ST. CLAIR PIPELINE, LIMITED

By M. Hamm

Title PRESIDENT

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By *J. W. E.*  
Title SECRETARY

UNION GAS LIMITED

By *J. C. Hunter*  
Title Vice President

By *[Signature]*  
Title Assistant Secretary

## CONSTRUCTION AGREEMENT

THIS AGREEMENT is made as of the 1st day of May, 1988, among MICHIGAN CONSOLIDATED GAS COMPANY, a Michigan corporation ("MichCon"), UNION GAS LIMITED, an Ontario corporation ("Union") and ST. CLAIR PIPELINE, LIMITED, a Canada corporation (St. Clair") witnesses that whereas:

A. The parties desire to build a natural gas pipeline from St. Clair County, Michigan, U.S.A. to Lambton County, Ontario, Canada to be known as the Belle River - Bickford Pipeline; and

B. The parties believe that the most efficient way to complete this pipeline is by the joint efforts of the parties;

NOW THEREFORE, MichCon, Union and St. Clair agree as follows:

### 1. DEFINITIONS

1.1 "Approvals" has the meaning attributed to it in Section 2.1(a).

1.2 "International Border" means the point on the Belle River - Bickford Pipeline which corresponds to the international border between the United States and Canada.

1.3 "Pipeline" has the meaning attributed to it in Section 3.

1.4 "Property Rights" has the meaning attributed to it in Section 2.1(b).

1.5 "Shared Section" has the meaning attributed to it in Section 4.

### 2. CONDITIONS

2.1 The obligations of the parties are effective upon execution hereof except that the obligations to commence construction are conditioned upon the obtaining of

- (a) all regulatory and governmental approvals, permits, licenses or authorizations (the "Approvals") necessary or advisable to construct the Pipeline and satisfactory to the parties; and

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(b) all lands rights-of-way or easements (the "Property Rights") necessary or advisable for the construction, ownership and operation of the Pipeline.

2.2 Each party shall make timely filings and use their respective reasonable best efforts to obtain the Approvals and the Property Rights as quickly as possible.

2.3 Any Approvals and Property Rights associated with the river crossing will be obtained by the party to whom they are assigned in Schedule A. Each party will be responsible to obtain all Approvals and Property Rights associated with those portions of the Pipeline for which, by Section 5, they are solely responsible. The parties shall be jointly responsible to obtain the Approvals and Property Rights associated with the Shared Section.

2.4 In the event the Approvals and the Property Rights have not been obtained by November 1, 1989, either party may, provided it is not the party responsible for the failure to obtain the missing Approvals or Property Rights, on 30 days written notice to that effect to the other, terminate this Agreement.

### 3. CONSTRUCTION

Subject to the terms of this Agreement, the parties agree to construct the Belle River - Bickford Pipeline, a natural gas pipeline beginning in Section 11, China Township, St. Clair County, Michigan, proceeding under the St. Clair River, and terminating in Lot 6, Concession 12, Sombra Township, Lambton County, Ontario (the "Pipeline").

### 4. SHARED RESPONSIBILITIES AND COSTS

MichCon and St. Clair agree to share the responsibilities and costs associated with the crossing of the St. Clair River from point of entry to point of exit of the directional bore ("the Shared Section"). The responsibilities of each party are set forth in Schedule A. The activities for which costs will be shared are set forth in Schedule B. Other than as set forth in Schedule B, each party shall bear its own costs.

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5. SOLE RESPONSIBILITIES AND COSTS

5.1 MichCon agrees to undertake all design, engineering and construction work, and assume all costs, for that portion of the Pipeline on the U.S. side of the International Border from the interconnect with the river boring to Belle River Mills.

5.2 St. Clair agrees to undertake all design, engineering and construction work, and assume all costs, for that portion of the Pipeline on the Canadian side of the International Border from the inter-connect with the river boring to the St. Clair Valve Site.

5.3 Union agrees to undertake all design, engineering and construction work, and assume all costs, for that portion of the Pipeline on the Canadian side of the International Border from the St. Clair Valve Site to its Bickford Compressor Station.

6. DESIGN AND ENGINEERING

The parties shall collaborate on the design and engineering of the Shared Section. MichCon, Union and St. Clair are free to design, engineer and construct that portion of the Pipeline for which they are solely responsible as they see fit; provided, however, that, in so doing, the parties shall ensure that their portions are constructed in accordance with applicable codes and standards and with prudent industry practise. The parties agree to coordinate their design and engineering efforts so that when completed, the Pipeline will be capable of being operated as a single system. The Pipeline shall be sized so as to allow an initial flow of 200 million cubic feet of natural gas per day and be designed to operate at a maximum allowable operating pressure of 1365 psig.

7. FORCE MAJEURE

7.1 Neither party shall be liable to the other for damages or any other remedy, legal or equitable, for any act, omission or circumstances caused by or resulting from acts of nature, strikes, lockouts, explosions, breakage or accident to machinery or lines of pipe or the necessity to make repairs, test, or alternations to machinery or lines of pipe, line freezeups, or the binding order of any court or governmental authority ("Force Majeure"). Nothing in this Section shall relieve either party from any

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obligation to make payments of amounts already due and owing.

7.2 Neither party shall be relieved of liability by Force Majeure unless notice and full particulars are first given to the other party either in writing or by telegraph, telecopy or telex as soon as possible after the occurrence of the event of Force Majeure. Each party shall notify the other immediately whenever, in the notifying party's sole judgment, circumstances exist that might lead to a request to invoke Force Majeure under Section 7.1. In order to continue the protection of Section 7.1, the party suffering the Force Majeure must use all reasonable efforts on a continuing basis to rectify the cause of the Force Majeure. However, nothing in the foregoing sentence shall interfere with either party's right to settle labour disputes on terms they see fit.

## 8. LIABILITY

8.1 MichCon and St. Clair shall be jointly responsible for any third party liability associated with the Shared Section. The parties assume individual liability for that portion of the pipeline for which they have individual responsibility as defined in Section 5. Each party agrees to indemnify and hold the other harmless from any damages that arise as a result of that party's actions or failures to act in respect of the portion of the Pipeline for which they have individual responsibility as defined in Section 5.

8.2 MichCon and St. Clair shall each, or if they agree, jointly, at all times during the construction of the Shared Section carry, at their respective (or joint) expense, and on such forms and terms as will protect the others in a reliable insurance company which is authorized to do business in the area in which the work is to be performed hereunder, Comprehensive General Liability Insurance, including Blanket Contractual Coverage with Full Defense Coverage for MichCon and St. Clair, with limits of not less than Five Million Dollars Combined Single Limit covering injuries to or death of one or more persons and property damage liability.

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8.3 The above-described insurance policy or policies shall name Union, St. Clair and MichCon, and all of their respective officers, agents and employees, as Insured and the policy or policies shall contain a provision that the insurance companies will have no right or recovery or subrogation against MichCon, Union or St. Clair, it being the intention of the parties hereto that the insurance so effected shall protect all parties and be primarily liable for any and all losses covered by the above-described insurance coverage.

8.4 In the event that St. Clair and MichCon obtain individual policies of insurance:

- (a) the policies shall contain provisions that no cancellation or material changes in the policies shall become effective except on 30 days advance written notice thereof to MichCon or St. Clair, as the case may be, to the attention of the Risk Management Department;
- (b) fifteen days after execution of this Construction Agreement, but in any event prior to the start of construction, St. Clair shall submit to MichCon, and MichCon shall submit to St. Clair, Certificate(s) of Insurance evidencing the insurance coverages equal to or in excess of those set forth above and shall, if required by the other, furnish certified copies of any or all of the required policies of insurance; and
- (c) notwithstanding anything in this Section 8, St. Clair may fulfill its obligations hereunder by Union extending its insurance coverage to apply to St. Clair and MichCon provided that such coverage meets all the requirements of this Section 8.

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9. BILLING AND PAYMENT

9.1 Thirty days after the Shared Section is completed, the parties to this Agreement shall invoice each other for their respective portions of the shared costs as determined with reference to Schedule B. All invoices shall be paid within 30 days of receipt after being netted out against each other.

9.2 All invoices rendered to and by any party shall be denominated in U.S. dollars. If the expenses were incurred in Canadian dollars or other currencies, they shall be converted as at the date of the invoice into U.S. dollars at the then-prevailing exchange rate.

9.3 Any party shall have the right, during normal business hours, to examine the books and records of any other party to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to the provision of this Agreement. If any such examination reveals an inaccuracy resulting in an error in any billing under this Agreement, the necessary adjustments in such bill and payments shall be promptly made. This examination shall, if it is to take place at all, take place within 90 days of receipt of the invoices referred to in Section 9.1.

10. JURISDICTION

This Agreement shall be governed by the law of the state of Michigan. It is agreed that any and all litigation related to this Agreement shall be brought in either a state or federal court located within the state of Michigan, and each party, for the purpose of any such litigation, hereby submits to the exclusive jurisdiction and venue of that court.

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11. NOTICE

11.1 Notices under this Agreement shall be addressed to:

Michigan Consolidated Gas Company  
500 Griswold Street  
Detroit, Michigan 48226

Attention: Vice President, Gas Supply

Tel. (313) 256-6439  
Telecopy (313) 256-6416

or Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario N7M 5M1

Attention: Vice President, Engineering

Tel. (519) 436-4591  
Telecopy (519) 436-4566

or St. Clair Pipeline, Limited  
21 St. Clair Avenue East  
Toronto, Ontario M4T 2T7

Attention: President

Tel. (416) 961-1200  
Telecopy (519) 923-3299

11.2 Either party may change its address under this Agreement by written notice to the other party. Unless otherwise provided herein, all notices given by one party to the other shall be sent by registered mail, overnight mail or by telex, telecopy and shall be effective upon receipt. However, routine communications, including monthly statements, shall be considered as duly delivered when mailed by either registered, overnight or ordinary mail. No notice may be given by mail during an actual or apprehended mail disruption between Chatham and Detroit.

12. MISCELLANEOUS PROVISIONS

12.1 Headings: The headings used throughout this Agreement are inserted for convenience of reference only and are not to be considered or taken into account in construing the terms or provisions thereof nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

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12.2 Assignability: Neither party shall assign this Agreement without the prior written consent of the other.

12.3 Gender, Number and Internal References: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein", "hereunder" and words of similar import refer to the entirety of this Agreement, including the Schedules incorporated into this Agreement, and not only to the Section in which such use occurs.

12.4 Time of Essence: Time shall be of the essence hereof.

12.5 Entire Contract: This Agreement, including the Schedules hereto which are hereby incorporated by reference, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Agreement supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

12.6 Successors and Assigns: This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

12.7 Counterparts: This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary to produce all counterparts in order to prove this Agreement.

12.8 Indemnity: Wherever in this Agreement a party (hereinafter referred to as "the indemnifying party") has agreed to indemnify and/or hold the other party (hereinafter referred to as the "other party") harmless, the other party shall promptly notify the indemnifying party of any claim made against it and shall keep the indemnifying party fully informed of the progress of the proceedings. The indemnifying party may, in its sole discretion, elect to assume the defence of the action and in such event the other party shall co-operate fully,

including providing such witnesses, data and other evidence as may be available to it.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

UNION GAS LIMITED

By [Signature]  
Title Vice-President

By [Signature]  
Title Assistant Secretary

ST. CLAIR PIPELINE, LIMITED

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

MICHIGAN CONSOLIDATED GAS  
COMPANY

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

SCHEDULE A - Allocation of Responsibilities

SCHEDULE B - Cost Sharing Activities

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including providing such witnesses, data and other evidence as may be available to it.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

**UNION GAS LIMITED**

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

**ST. CLAIR PIPELINE, LIMITED**

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

**MICHIGAN CONSOLIDATED GAS COMPANY**

By Stephen Puroj

Title PRESIDENT

By Stanley G. Swaine

Title VICE PRESIDENT

SCHEDULE A - Allocation of Responsibilities

SCHEDULE B - Cost Sharing Activities

including providing such witnesses, data and other evidence as may be available to it.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as fo the day and year first above noted.

UNION GAS LIMITED

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

ST. CLAIR PIPELINE, LIMITED

By [Signature]

Title PRES

By [Signature]

Title Secretary

MICHIGAN CONSOLIDATED GAS COMPANY

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

SCHEDULE A - Allocation of Responsibilities

SCHEDULE B - Cost Sharing Activities

**SCHEDULE A**  
**BELLE RIVER - BICKFORD PIPELINE CONSTRUCTION AGREEMENT**  
**ALLOCATION OF RESPONSIBILITIES**

**MICHCON RESPONSIBLE**

1. Obtain all U.S. regulatory & governmental approvals for river crossing. Does not include any export/import authority.
2. Obtain all U.S. permits for river crossing.
3. Obtain land on U.S. side of river for directional bore at point of entry.
4. Obtain quotes from horizontal drilling contractors.
5. Award and administer contract for drilling the river crossing including approval of changes from the original contract and approval of all payments to contractor.
6. Dispose of boring mud on U.S. side of river.
7. Provide cathodic protection insulators at river.
8. Design and install pig launching facilities capable of handling a T.D. Williamson smart pig or equivalent.
9. Design and construct Pipeline from Belle River Mills Station to interconnect with river crossing including a valve at the river.
10. Design and install all metering for the pipeline on the U.S. side of International Border. MichCon to be the sole metering agent.
11. Provide flow control to Canadian side.
12. Install line break or low pressure controls on valve on U.S. side of St. Clair River.

**ST. CLAIR PIPELINE LIMITED**

1. Design and construct the Pipeline from interconnect with river crossing to St. Clair Valve Site.

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2. Obtain all Canadian regulatory & governmental approvals for river crossing.
3. Obtain all Canadian permits necessary for river crossing.
4. Obtain land on Canadian side of river for directional bore point of exit.
5. Obtain soil samples for river boring on both Canadian and U.S. side and provide copy of results to Michcon.
6. Obtain riverbed profile on both Canadian and U.S. side and provide copy of results to Michcon.
7. Obtain survey and drawings on both the Canadian and U.S. side.
8. Obtain pipe and coating quotes for river boring.
9. Purchase pipe for river boring. Pipe to be per MichCon & Union standards, and per API and CSA standards.
10. Arrange for third party inspection of river boring pipe and coating at mills and provide copy of results to Michcon.
11. Arrange for stringing, welding and pre-testing (24 hours to yield) pipe for river boring.
12. Dispose of boring mud on Canadian side.
13. Arrange for 100% X-Ray of welds for river boring and provide copy of test results to Michcon.

UNION GAS LIMITED RESPONSIBLE

1. Design and construct Pipeline from St. Clair Valve Site to Bickford Compressor Station.
2. Design and install pig receiving facilities capable of handling a T.D. Williamson smart pig or equivalent.
3. Install line break or low pressure controls on valves on Canadian side of river.
4. Provide cathodic protection insulators at river crossing if necessary.

**SCHEDULE B**  
**BELLE RIVER - BICKFORD PIPELINE CONSTRUCTION AGREEMENT**  
**COST SHARING ACTIVITIES**

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All costs associated with the following construction activities will be shared equally between MichCon and St. Clair Pipeline:

1. The horizontal drilling contract to directionally bore the Shared Section including all associated permits and customs costs.
2. Soil samples for Shared Section; survey associated with river crossing.
3. Pipe and coating for Shared Section from point of entry to point of exit of directional bore.
4. Third party inspections of Shared Section pipe and coating at mills.
5. The preparation, testing and installation of the pipe for the Shared Section.
6. The disposal of drilling mud on U.S. & Canadian sides of river.
7. X-Raying (100%) of welds for Shared Section.
8. All other costs associated with the Shared Section.
9. Design and install a cathodic protection system for the Shared Section.

Union Gas Limited & Michigan  
Consolidated Pipeline Company  
Operating Agreement – Belle  
River-Bickford Pipeline 01 May 88

**St. Clair Pipelines (1996) Ltd.**

50 Keil Drive North  
Chatham, Ontario  
Canada N7M 5M1

November 26, 2002

Union Gas Limited  
50 Keil Drive North  
CHATHAM, Ontario N7M 5M1

Attention: Mr. John Wellard

Dear John:

Re: Various Agreements with St. Clair Pipelines (1996) Ltd. (as successor in interest to St. Clair Pipelines Ltd.) (the "Agreements")

As part of Westcoast Energy's tax planning, St. Clair Pipelines (1996) Ltd. ("St Clair 1996") is transferring all of its pipeline assets (including various Agreements it has with Union Gas Limited) to a wholly owned entity of Westcoast Energy, called St. Clair Pipelines L.P. (the "Partnership")<sup>1</sup>. St Clair 1996 will be subsequently wound up.

Under the terms of the Agreement, consent is required from the other parties if a party wishes to assign the agreement. We therefore seek your consent to the assignment of the Agreements. As well, since St Clair 1996 will no longer be a party to the Agreements and you will be able to seek recourse from the Partnership instead, we request a release of St Clair 1996 from all obligations under the Agreements whether currently in existence or arising in the future.

Please confirm your agreement with the foregoing by executing in the space indicated in the attached copy of this letter.

We thank you in advance and would be pleased to discuss this with you if you have any concerns, questions or comments.

Yours truly,

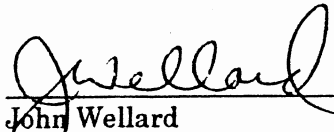


Frank Thibault  
Project Manager

Acknowledged and Agreed to on November 27, 2002

UNION GAS LIMITED

Per:



John Wellard  
Vice-President, Sales and Marketing

APPROVED FOR EXECUTION


<sup>1</sup> The sole limited partner of the Partnership is St Clair 1996, but upon the wind up will become Westcoast Energy. The general partner of the Partnership is UEI Holdings (New Brunswick) Inc., which is a direct wholly owned subsidiary of Westcoast Energy.

## St. Clair Pipelines (1996) Ltd.

50 Keil Drive North  
Chatham, Ontario  
Canada N7M 5M1

December 2, 2002

Mr. Jerry Norcia,  
Michigan Consolidated Pipeline Company  
500 Griswold Street  
DETROIT, Michigan 48226

Dear Jerry:

Re: Operating Agreement, Belle River - Bickford Pipeline, dated as of May 1, 1988 among Michigan Consolidated Gas Company, Union Gas Limited and St. Clair Pipelines (1996) Ltd. (as successor in interest to St. Clair Pipelines Ltd.) (the "Operating Agreement")

As part of Westcoast Energy's tax planning, St. Clair Pipelines (1996) Ltd. ("St Clair 1996") is transferring all of its pipeline assets (including its operation of the Belle River - Bickford Pipeline and the Operating Agreement) to a wholly owned entity of Westcoast Energy, called St. Clair Pipelines L.P. (the "Partnership")<sup>1</sup>. St Clair 1996 will be subsequently wound up.

Under the terms of the Operating Agreement, consent is required from the other parties if a party wishes to assign the agreement. We therefore seek your consent to the assignment of the Operating Agreement. As well, since St Clair 1996 will no longer be a party to the Operating Agreement and all obligations will now be the responsibility of the Partnership instead, we request a release of St Clair 1996 from all obligations under the Operating Agreement whether currently in existence or arising in the future.

Please confirm your agreement with the foregoing by executing in the space indicated in the attached copy of this letter.

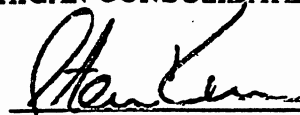
We thank you in advance and would be pleased to discuss this with you if you have any concerns, questions or comments.

Yours truly,

Frank Thibault  
Project Manager

Acknowledged and Agreed to on December 20, 2002  
MICHIGAN CONSOLIDATED PIPELINE COMPANY

Per:



Steven Kurmas

<sup>1</sup> The sole limited partner of the Partnership is St Clair 1996, but upon the wind up will become Westcoast Energy. The general partner of the Partnership is UEI Holdings (New Brunswick) Inc., which is a direct wholly owned subsidiary of Westcoast Energy.

0010G

OPERATING AGREEMENT

BELLE RIVER - BICKFORD PIPELINE

THIS AGREEMENT is made as of the 1st day of May, 1988, among MICHIGAN CONSOLIDATED GAS COMPANY, a Michigan corporation ("MichCon"), UNION GAS LIMITED, an Ontario corporation ("Union") and ST. CLAIR PIPELINE, LIMITED, a Canada corporation (St. Clair") witnesses that whereas:

Introduction

- A. The parties individually own natural gas pipelines which form a contiguous pipeline system known, for the purpose of this Agreement, as the Belle River - Bickford Pipeline (the "Pipeline").
- B. The Pipeline begins in St. Clair County, Michigan, U.S.A., runs under the St. Clair River, and terminates in Lambton County, Ontario, Canada.
- C. That portion of the Pipeline owned by MichCon begins at MichCon's Belle River Mills Station and ends at the international border between Canada and the United States in the middle of the St. Clair River (the "International Border").
- D. That portion of the Pipeline owned by St. Clair begins at the International Border in the middle of the St. Clair River and ends at the St. Clair Valve Site, Moore Township, Lambton County, Ontario, Canada.
- E. That portion of the Pipeline owned by Union begins at the St. Clair Valve Site and ends at Union's Bickford Pool Compressor Station.
- F. The parties desire to provide for the operation of these three individual pipelines as a single pipeline system.

NOW THEREFORE, the parties agree as follows:

1. PURPOSE

Unless provided for otherwise in this Agreement, each party shall maintain and operate that portion of the

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Pipeline which it owns in such a way so as to accomplish the principal goal of this Agreement; the operation of the parties' three individual pipelines as a single pipeline system which stands ready to move natural gas in either direction across the International Border to facilities of the participating utilities.

## 2. DEFINITIONS

Except where the context expressly states another meaning, the following terms, when used in this Agreement shall have the following meanings:

Average Absolute Atmospheric Pressure: a constant pressure of 14.40 pounds per square inch absolute;

British Thermal Unit or BTU: the amount of heat required to raise one pound of water one degree Fahrenheit, from 59 to 60 degrees Fahrenheit at a pressure of 14.40 pounds per square inch absolute. BTU's delivered will be the product of the volume of dry gas delivered and the Total Heating Value of that gas;

Cubic Foot: the volume of gas which occupies one cubic foot when the gas is at a temperature of 60 degrees Fahrenheit and a pressure of 14.73 pounds per square inch absolute;

Day: a period of 24 consecutive hours beginning at noon, Eastern Standard Time;

Firm Service: when referring to the transportation of gas under a transportation agreement, that the parties to that agreement shall ensure that the entitlements under it provide for the transportation of the total daily contract quantity each Day during the term of the agreement to and from the point of delivery respectively, subject to any force majeure provisions in the agreement;

MMBTU: 1,000,000 BTU's;

Natural Gas or Gas: a natural gas consisting predominantly of methane and includes natural and synthetic gas; and

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Total Heating Value: the total BTU's produced by the complete combustion of one cubic foot of Gas, at a constant pressure of 14.73 pounds per square inch absolute, with air. The gas is to be saturated with water vapour and the temperature of the Gas, air and products of combustion to be at 60 degrees Fahrenheit and all water formed by the combustion reaction to be condensed to the liquid state.

### 3. INFORMATION SHARING

3.1 The parties agree to freely share all information and data necessary to operate the Pipeline as a single system. This information includes, but is not limited to: flow and energy data, inspection information, pipeline pressure data, gas quality information, cathodic protection data, capacity information, repair and maintenance requirements and repair and maintenance plans.

3.2 The parties shall respond promptly and completely to any legitimate request for operational information by a governmental or regulatory body having authority with respect to such information over any party to this Agreement.

### 4. FLOW AND PRESSURE

4.1 MichCon shall control the flow and pressure of gas moving from the U.S. to Canada. Union shall control the flow and pressure of gas moving from Canada to the U.S.

4.2 The parties shall operate their individual segments of the Pipeline in such a way that the Pipeline pressure at the International Border is a minimum of 750 psig. The maximum allowable operating pressure of the Pipeline is 1365 psig.

4.3. Letter to NCH re control of valve for reg purposes

### 5. PIPELINE CAPACITY

5.1 Any non-party or any of the parties may contract for some or all of the Pipeline's volumetric capacity by entering into transportation agreements with the parties or the remaining parties as the case may be. Though the goal is to operate the Pipeline as a single pipeline system, neither MichCon, Union nor St. Clair shall be required to transport gas through that portion of the

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Pipeline which it owns unless it agrees in writing to do so.

5.2 Union shall have the responsibility of scheduling gas entering the Pipeline. The volumetric capacity of the Pipeline shall be allocated with respect to Firm Service on a "first come, first served" basis. Interruptible services shall be assigned daily, in respect of the entire Pipeline, by Union on a "first come, first served" basis.

5.3 Firm Service will have priority over interruptible service. In the event of insufficient capacity, firm service will be curtailed or interrupted pro rata in accordance with contracted volumes.

5.4 Interruptible transportation service will be curtailed or interrupted beginning with those transportation customers that at the time of the curtailment or interruption are paying the lowest rate. As to shippers paying the same rate for service, the curtailment or interruption will be based on the dates of their respective transportation service agreements. Service which was initially provided closest to the date of the particular curtailment or interruption will be curtailed or interrupted first; next in order will be all other interruptible service in sequence again starting with service which was initially provided closest to the date of curtailment or interruption.

5.5 For the purpose only of determining priority in the Pipeline pursuant to Section 5.4, MichCon's rates and date of contract shall govern with respect to Canada-bound Gas and Union's rates and date of contract shall govern with respect to U.S. bound Gas.

## 6. MAINTENANCE, REPAIRS AND REPLACEMENT

6.1 Except as provided for in Section 6.2, each party shall maintain, at its own expense, that portion of the Pipeline owned by it in a condition sufficient to allow the daily movement of 200 thousand MMBTU's.

6.2 MichCon and St. Clair shall jointly undertake any repair or replacement, and share equally any costs, associated with the Shared Section, as defined in the Construction Agreement of even date among the parties hereto.

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6.3 Each party shall maintain its portion of the Pipeline in accordance with good industry practise. Without limiting the generality of the foregoing, each party shall, except as provided in Section 6.2, promptly repair or replace any part of the Pipeline owned by it that requires repair or replacement so as to allow the daily movement of 200 thousand MMBTU's. The party owning a portion of the Pipeline shall decide, in its sole discretion, whether that portion needs to be replaced. In the event that repair or replacement is needed, the party undertaking the work will give the other parties 60 days notice and will ensure that the work be done in a manner so as to minimize the amount of time the Pipeline has restricted flows.

## 7. INSPECTION

7.1 Each party shall inspect its portion of the Pipeline as dictated by prudence or as required by the appropriate regulatory body. Prompt remedial action to minimize the downtime of the Pipeline shall be taken in the event that such an inspection indicates required repairs.

7.2 In the event that the parties determine or a situation warrants a joint special inspection (for example a "smart pig"), each party shall cooperate in providing access and support personnel in order to accomplish the inspection.

## 8. MEASUREMENT

8.1 MichCon shall provide volume measurement data in respect of gas in the Pipeline by means of a Daniels' Series 2500 Orifice Flow Computer or equivalent located at its Belle River Mills Meter Station. All measurement will be based on AGA Standard Part 3. MichCon's metering shall be the basis of any and all invoicing pursuant to the transportation service contemplated in Section 5.1.

8.2 MichCon will provide the other parties with access to the flow data by means of a computer software program which allows for the down-loading of the information to a personal computer over telephone lines. In addition, MichCon shall make the flow data available to the parties in its offices during normal business hours.

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8.3 The unit to be used to describe gas transported on the Pipeline shall be MMBTU's as determined by multiplying the volume of dry gas delivered by the Total Heating Value of that gas. The volume of gas shall be measured according to Boyle's Law for the measurement of gas under varying pressure. Proper corrections shall be made for the specific gravity and flowing temperatures of the gas and for deviation from Boyle's Law as provided in section 8.4.

8.4 The volume and the Total Heating Value of the gas transported on the Pipeline shall be determined as follows:

- (a) The unit of volume, for the purpose of measurement, shall be 1 cubic foot of gas at a temperature of 60 degrees Fahrenheit and at an absolute pressure of 14.73 pounds per square inch. For the purpose of measurement of gas delivered at the various delivery points, the average absolute atmospheric (barometric) pressure at each delivery point shall be assumed to be constant at an absolute pressure of 14.40 pounds per square inch, regardless of variations in actual barometric pressure from time to time;
- (b) The Total Heating Value of the gas shall be determined by a Welker Proportional Gas Sampler or equivalent with the sampled gas to be analyzed on a chromatograph not less than monthly;
- (c) Supercompressibility shall be compensated for according to AGA 3 and NX19 Standards.

8.5 The parties agree to evaluate the accuracy of the measurement contained in the equipment to be installed pursuant to this Section at a mutually agreed upon time after May 1, 1989, but in no event later than August 31, 1989. In the event that either party can reasonably demonstrate that the equipment systematically fails to provide overall volume measurement that is within 2% of actual, the parties shall take appropriate steps to obtain equipment necessary to provide measurement that is within 2% of actual.

## 9. MEASURING EQUIPMENT

9.1 The parties shall have the right to have representatives present at the time of any installing,

- 7 -

reading, cleaning, changing, repairing, inspecting, testing or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of delivery of gas hereunder or under any transportation contract. The records from such measuring equipment shall remain the property of their owner, but upon request each shall submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return with 10 days after receipt thereof.

9.2 All installation of equipment applying to or affecting deliveries of gas shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by both parties in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the volume of gas delivered hereunder.

9.3 The accuracy of measuring equipment shall be verified by the party operating such equipment at reasonable intervals, and if requested, in the presence of representatives of the other, but such party shall not be required to verify the accuracy of such equipment more frequently than once in any 30-day period. In the event any party shall notify the others that it desires a special test of any measuring equipment the parties shall co-operate to secure a prompt verification of the accuracy of such equipment.

9.4(a) The expense of any such special test shall be borne by the party calling for such test.

(b) If upon test any measuring equipment, except for a chromatograph, is found to be in error by not more than 2%, then previous recordings of such equipment shall be considered accurate in computing deliveries of gas but such equipment shall be adjusted at once to record accurately. In the case of a chromatograph, the error shall not exceed 0.5%.

(c) If, for the period since the last preceding test, it is determined that:

(i) any measuring equipment, except for a chromatograph, shall be found to be inaccurate by an amount exceeding 2%, and/or,

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- (ii) for a chromatograph, the total heating content measurement is in error in any amount exceeding 0.5%,

then the previous readings of such measurement equipment shall be corrected to zero error for any period which is known definitely but in case the period is not known or agreed upon such correction shall be for a period extending over one-half of the time elapsed since the date of the last test.

(d) Notwithstanding the foregoing, when Seller and Buyer mutually agree that a measurement instrument inaccuracy occurred at a definite point in time, a volume correction shall be made even though said inaccuracy is less than the limits specified in clauses (i) and (ii) above.

9.5 In the event that a meter is out of service, or registering inaccurately, the volume and quantity of gas delivered shall be determined by the most equitable method. Such methods shall include but not be limited to:

- (a) mathematical calculations and comparisons including prevailing ratio with a parallel meter,
- (b) the use of check measuring equipment, and
- (c) comparison of deliveries under similar conditions when the meter was registering accurately.

9.6 The parties shall each preserve for a period of at least six years all test data, charts and other similar records. Microfilm of the original documents shall be considered true records.

## 10. CATHODIC PROTECTION

The parties shall maintain cathodic protection on their portion of the Pipeline so as to provide a negative one volt pipe to the soil. Induced alternating current mitigation shall be done as required. Mainline valves are to be insulated if necessary.

## 11. PIGGING

11.1 The parties shall undertake pigging of the Shared Section as required and equally share the costs. This

- 9 -

includes the initial dewatering pig as well as any routine pigging as may be necessary from time to time.

11.2 Pigs shall be launched on the U.S. side and received on the Canadian side. Union shall make any customs arrangements necessary for the movement of the pig from the U.S. to Canada. MichCon shall make any customs arrangements necessary for the movement of the pig from Canada to the U.S.

## 12. LIABILITY

12.1 Each party shall be liable for any and all damages resulting from its actions or failures to act in, or in respect of, that portion of the Pipeline which it owns. Each party agrees to indemnify and hold the others harmless for any damages that arise as a result of that party's actions or failures to act in respect of, the portion of the Pipeline which they own.

12.2 Notwithstanding Section 12.1, MichCon and St. Clair shall be jointly responsible for any third party liability associated with the Shared Section and MichCon, St. Clair and Union shall be jointly responsible for any third party liability associated with any repair or maintenance activities on the Pipeline which the three of them have agreed in advance will be done jointly.

12.3 Any gas losses shall be the responsibility of that party who owns the portion of the Pipeline which the gas is lost. Responsibility for gas losses from the Shared Section which cannot be attributed to either the St. Clair-owned portion or the MichCon-owned portion shall be shared equally by MichCon and St. Clair.

12.4 MichCon, Union and St. Clair shall each, or if they agree, jointly, at all times during the term of this Agreement carry, at their respective (or joint) expense, and on such forms and terms as will protect the others in a reliable insurance company which is authorized to do business in the area in which the operations are to be carried on hereunder, Comprehensive General Liability Insurance, including Blanket Contractual Coverage with Full Defense Coverage for MichCon, Union and St. Clair, with limits of not less than Five Million Dollars Combined Single Limit covering injuries to or death of one or more persons and property damage liability.

- 10 -

12.5 The above-described insurance policy or policies shall name St. Clair, Union and MichCon, and all of their respective officers, agents and employees, as Insured and the policy or policies shall contain a provision that the insurance companies will have no right or recovery or subrogation against MichCon, Union or St. Clair, it being the intention of the parties hereto that the insurance so effected shall protect all parties and be primarily liable for any and all losses covered by the above-described insurance coverage.

13. JURISDICTION

This Agreement shall be governed by the law of the state of Michigan. It is agreed that any and all litigation related to this Agreement shall be brought in either a state or federal court located within the state of Michigan, and each party, for the purpose of any such litigation, hereby submits to the exclusive jurisdiction and venue of that court.

14. TERM

This Agreement shall come into effect on execution and shall remain in effect, unless the parties agree otherwise in writing, for 40 Years.

15. NOTICE

15.1 Notices under this Agreement shall be addressed to:

Michigan Consolidated Gas Company  
500 Griswold Street  
Detroit, Michigan 48226

Attention: Director, Gas Planning and Control

Tel. (313) 256-6435  
Telecopy (313) 256-6416

or Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario N7M 5M1

Attention: Manager, Gas Control

- 11 -

Tel. (519) 436-4524  
Telecopy (519) 436-4630

or St. Clair Pipeline, Limited  
21 St. Clair Avenue East  
Toronto, Ontario M4T 2T7

Attention: President

Tel. (416) 961-1200  
Telecopy (416) 923-3299

15.2 Either party may change its address under this Agreement by written notice to the other party. Unless otherwise provided herein, all notices given by one party to the other shall be sent by registered mail, overnight mail or by telex or telecopy and shall be effective upon receipt. No notice may be given by mail during an actual or apprehended mail disruption between Chatham and Detroit.

#### 16. MISCELLANEOUS PROVISIONS

16.1 Headings: The headings used throughout this Agreement are inserted for convenience of reference only and are not to be considered or taken into account in construing the terms or provisions thereof nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

16.2 Assignability: Neither party shall assign this Agreement without the prior written consent of the other.

16.3 Gender, Number and Internal References: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein", "hereunder" and words of similar import refer to the entirety of this Agreement and not only to the Section in which such use occurs.

16.4 Time of Essence: Time shall be of the essence hereof.

16.5 Entire Contract: This Agreement constitutes the entire agreement, oral or written, among the parties relating to the subject matter hereof. This Agreement supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral

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or written, of the parties in respect of the subject matter hereof.

16.6 Successors and Assigns: This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

16.7 Counterparts: This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary to produce all counterparts in order to prove this Agreement.

16.8 Indemnity: Wherever in this Agreement a party (hereinafter referred to as "the indemnifying party") has agreed to indemnify and/or hold the other party (hereinafter referred to as the "other party") harmless, the other party shall promptly notify the indemnifying party of any claim made against it and shall keep the indemnifying party fully informed of the progress of the proceedings. The indemnifying party may, in its sole discretion, elect to assume the defence of the action and in such event the other party shall co-operate fully, including providing such witnesses, data and other evidence as may be available to it.

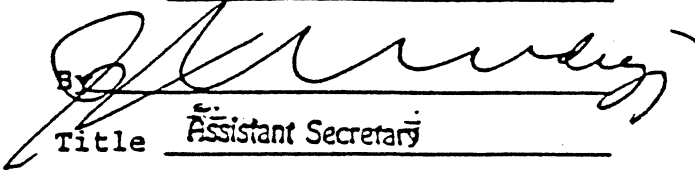
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

UNION GAS LIMITED

By

  
Title Vice-President

By

  
Title Assistant Secretary

- 13 -

ST. CLAIR PIPELINE, LIMITED

By *[Signature]*

Title PRESIDENT

By *[Signature]*

Title SECRETARY

MICHIGAN CONSOLIDATED GAS  
COMPANY

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

- 13 -

ST. CLAIR PIPELINE, LIMITED

By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

MICHIGAN CONSOLIDATED GAS  
COMPANY

By Stephen Ewenz

Title President & COO

By Stanley G. Swamin

Title VP, Gas Acquisition,  
Supply & Storage

Union Gas Limited  
Operating & Maintenance Agrmt.  
Belle River-Bickford Pipeline  
SC96 Portion) 15 Dec 89



**St. Clair Pipelines (1996) Ltd.**

50 Keil Drive North  
Chatham, Ontario  
Canada N7M 5M1

November 26, 2002

Union Gas Limited  
50 Keil Drive North  
CHATHAM, Ontario N7M 5M1

Attention: Mr. John Wellard

Dear John:

Re: Various Agreements with St. Clair Pipelines (1996) Ltd. (as successor in interest to St. Clair Pipelines Ltd.) (the "Agreements")

As part of Westcoast Energy's tax planning, St. Clair Pipelines (1996) Ltd. ("St Clair 1996") is transferring all of its pipeline assets (including various Agreements it has with Union Gas Limited) to a wholly owned entity of Westcoast Energy, called St. Clair Pipelines L.P. (the "Partnership")<sup>1</sup>. St Clair 1996 will be subsequently wound up.

Under the terms of the Agreement, consent is required from the other parties if a party wishes to assign the agreement. We therefore seek your consent to the assignment of the Agreements. As well, since St Clair 1996 will no longer be a party to the Agreements and you will be able to seek recourse from the Partnership instead, we request a release of St Clair 1996 from all obligations under the Agreements whether currently in existence or arising in the future.

Please confirm your agreement with the foregoing by executing in the space indicated in the attached copy of this letter.

We thank you in advance and would be pleased to discuss this with you if you have any concerns, questions or comments.

Yours truly,

Frank Thibault  
Project Manager

Acknowledged and Agreed to on November 27, 2002

UNION GAS LIMITED

Per:

John Wellard  
Vice-President, Sales and Marketing

APPROVED FOR EXECUTION

<sup>1</sup> The sole limited partner of the Partnership is St Clair 1996, but upon the wind up will become Westcoast Energy. The general partner of the Partnership is UEI Holdings (New Brunswick) Inc., which is a direct wholly owned subsidiary of Westcoast Energy.

## AGREEMENT FOR OPERATING AND MAINTENANCE SERVICES

THIS AGREEMENT made as of the 15th day of December, 1989, between ST. CLAIR PIPELINES LTD., a Canada corporation ("St. Clair") and UNION GAS LIMITED, an Ontario corporation ("Union") witnesses that whereas:

A. St. Clair owns and will construct and operate a natural gas pipeline forming part of the Belle River-Bickford Pipeline (the "Pipeline");

B. St. Clair, Union and Michigan Consolidated Gas Company ("MichCon") have entered into and duly executed an agreement (the "Operating Agreement"), a copy of which is attached hereto, setting forth their respective obligations in respect of the operation and maintenance of the Pipeline;

C. St. Clair has requested Union to provide operating and maintenance services on St. Clair's behalf to enable St. Clair to fulfill its obligations under the Operating Agreement;

D. Union is willing to provide the requested operating and maintenance services subject to the terms and conditions contained in this Agreement;

NOW THEREFORE, St. Clair and Union agree as follows:

### 1. INTERPRETATION

1.1 Intent: It is the intent of the parties to this Agreement that this Agreement, when executed and delivered, will be valid and binding, enforceable in accordance with its terms and will enable St. Clair to satisfy its obligations under the Operating Agreement.

1.2 Definitions: In this Agreement, the definitions will have the same meaning as the Operating Agreement unless otherwise specified.

1.3 Conflict or Inconsistency: In the event of any conflict or inconsistency between this Agreement and the Operating Agreement, the Operating Agreement shall control.

### 2. OPERATING AND MAINTENANCE SERVICES

2.1 Subject to the terms and conditions of this Agreement, and subject to a Letter Agreement between St. Clair and Union in which Union agrees that St. Clair will have sole authority

to operate or shut in the line in response to any lawful direction of the National Energy Board, Union shall fulfill or cause to be fulfilled, all of St. Clair's obligations under the Operating Agreement.

2.2 Union shall procure and furnish, or cause to be furnished, all materials, equipment, services, supplies and labour necessary for the operation, maintenance and repair of that portion of the Pipeline owned by St. Clair, including, without limitation, the following:

- i) supervision of the operation, maintenance and repair of the Pipeline;
- ii) communication, inspection, surveillance, flow control, corrosion control and monitoring;
- iii) periodic testing and adjustment of the Pipeline and related valves, piping and instruments;
- iv) utilization of a preventative maintenance program for the Pipeline according to the equipment manufacturers' recommendations;
- v) preparation and retention of appropriate records and logs that a prudent operator would maintain regarding the Pipeline;
- vi) preparation and retention of operation and maintenance manuals that set out, in addition to the information and procedures referred to in Clause 10 of CSA Z183 and Clause 10 of CSA Z184, the instructions and procedures as specified in Part VII, Section 49 and 48 of the National Energy Board Act Onshore Pipeline Regulations (August 25, 1988 or as revised from time to time).
- vii) provide or cause to be provided any other services required for the efficient operation and maintenance of the Pipeline that although not explicitly identified in this Agreement, may be required from time to time.

### 3. REIMBURSEMENT

3.1 St. Clair shall reimburse Union for all reasonable direct and indirect costs incurred by Union in performing the services contemplated in Section 2 including, without limit, amounts paid to third parties, and salaries and benefits paid to Union employees engaged in such services.

3.2 In the event MichCon, Union and St. Clair determine not to proceed with the Pipeline, this Agreement shall terminate as of the date of such decision and neither party shall have any obligation to the other whether for payment under Section 3.1, reimbursement of any such payments or otherwise.

4. BUDGETING, BILLING AND PAYMENT

4.1 Prior to the commencement of the operation of the Pipeline and for each subsequent contract year, prior to the commencement of operation of the Pipeline for that year, Union will prepare and submit to St. Clair for approval a budget of expenditures which Union anticipates will be incurred in providing the operating and maintenance services contemplated in Section 2 of this Agreement.

4.2 On approximately the 20th day of each calendar month, Union shall render a statement to St. Clair for the amounts to be reimbursed for the preceding calendar month. St. Clair will pay to Union on the 10th day after the statement is received, the amount billed in that statement.

4.3 St. Clair shall have the right at all reasonable times to examine the books, records and charts of Union to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this Agreement.

4.4 Should St. Clair fail to pay the amount of any statement rendered by Union when such amount is due, St. Clair shall be liable for a monthly late payment charge calculated at an annual rate equal to the prime rate announced from time to time by Union's principal lender plus 2% on the unpaid balance.

4.5 If either party shall find, within 12 months after the date of any statement rendered by Union, that St. Clair has been overcharged in the amount billed, St. Clair may submit a statement for a refund of such overcharge and Union, upon verification, shall refund the overcharge within 30 days together with interest thereon calculated at an annual rate equal to the prime rate announced from time to time by Union's principal lender.

4.6 If either party shall find, within 12 months after the date of any statement rendered by Union, that St. Clair has been undercharged in the amount billed, Union may submit a statement for such undercharge, and St. Clair, upon verification, shall pay such amount within 30 days together with interest thereon calculated at an annual rate equal to the

prime rate announced from time to time by Union's principal lender.

5. FORCE MAJEURE AND REMEDIES

5.1 Neither party shall be liable to the other for damages or any other remedy, legal or equitable, for any act, omission or circumstances caused by or resulting from acts of nature including weather, strikes, lockouts, explosions, breakage or accident to machinery or lines of pipe or the necessity to make repairs, test, or alterations to machinery or lines of pipe, line freeze-ups, or the binding order of any court or governmental authority ("Force Majeure"). Nothing in this Section shall relieve either party from any obligation to make payments of amounts already due and owing.

5.2 Neither party shall be relieved of liability by Force Majeure unless notice and full particulars are first given to the other party either in writing or by telegraph, telecopy or telex as soon as possible after the occurrence of the event of Force Majeure. Each party shall notify the other immediately whenever, in the notifying party's sole judgment, circumstances exist that might lead to a request to invoke Force Majeure. The party suffering the Force Majeure must use all reasonable efforts on a continuing basis to rectify the cause of the Force Majeure. However, nothing in the foregoing sentence shall interfere with either party's right to settle labour disputes on terms they see fit.

6. INDEMNITY

St. Clair shall indemnify and save harmless Union, its servants, agents and employees from all demands and claims including, but not limited to, bodily injury and property damage howsoever caused which arise during the term of this contract. Union shall indemnify and save harmless St. Clair, its employees and agents from all claims of whatsoever nature or kind arising out, or in respect of the willful misconduct of Union, its employees or agents.

7. GOVERNING LAW

This Agreement shall be governed by the law of Ontario.

8. NOTICES

8.1 Notices under this Agreement shall be addressed to:

St. Clair Pipelines Ltd.  
213 King St. W.  
Chatham, Ontario N7M 1E6  
Attention: President

Telephone: (519) 351-7640  
Telecopy: (519) 351-7264

or

Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario N7M 5M1  
Attention: Manager, Gas Control

Telephone: (519) 436-4524  
Telecopy: (519) 436-4630

8.2 Either party may change its address under this Agreement by written notice to the other party. Unless otherwise provided herein, all notices given by one party to the other shall be sent by registered mail, overnight mail or by telex, telegraph or telecopy and shall be effective upon receipt. However, routine communications, including monthly statements, shall be considered as duly delivered when received by either registered, overnight or ordinary mail. No notice may be given by mail during an actual or apprehended mail disruption.

9. MISCELLANEOUS PROVISIONS

9.1 Headings: The headings used throughout this Agreement are inserted for convenience of reference only and are not to be considered or taken into account in construing the terms or provisions hereof nor are they to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

9.2 Gender, Number and Internal References: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein", "hereunder" and words of similar import refer to the entirety of this Agreement and not only to the Section in which such use occurs.

9.3 Time of Essence: Time shall be of the essence hereof.

9.4 Successors and Assigns: This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

9.5 Counterparts: This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an originally executed copy, and it shall not be necessary to produce all counterparts in order to prove this Agreement.

9.6 Indemnity: Wherever in this Agreement a party (hereinafter referred to as the "indemnifying party") has agreed to indemnify and/or hold the other party (hereinafter referred to as the "other party") harmless, the other party shall promptly notify the indemnifying party of any claim made against it and shall keep the indemnifying party fully informed of the progress of the proceedings. The indemnifying party may, in its sole discretion, elect to assume the defence of the action and in such event the other party shall cooperate fully, including providing such witnesses, data and other evidence as may be available to it.

9.7 Non-Waiver: No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

9.8 No Assignment: This Agreement may not be assigned by either party without the prior written consent of the other party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

ST. CLAIR PIPELINES LTD.

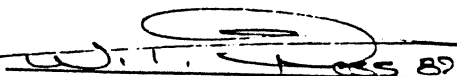
By \_\_\_\_\_

Title \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

UNION GAS LIMITED

By  89-12-21

Title Manager, Storage and Transmission  
Operations

By \_\_\_\_\_

Title \_\_\_\_\_

**SERVICE SCHEDULE**

between

**Union Gas Limited (Consultant)**

and

**St. Clair Pipelines (1996) Ltd. (St. Clair)**

**GAS SUPPLY OPERATIONS SERVICES**

The purpose of this schedule is to provide an understanding of the commitment between Consultant and St. Clair with respect to the provision of Gas Supply services.

**CONTACTS**

Union Gas Coordinator: Carol Foster, Administration Coordinator  
St. Clair Coordinator John Wolnik, Manager, Strategic Business Development

**SPECIFIC SERVICES**

- Storage and Transmission Operations will operate and maintain pipelines for St. Clair. Included are the following services: monitoring of pressures and flows via SCADA; line locates; leak surveys; repairs and general upkeep of properties.

**TIME PERIOD**

January 1, 2000 to December 31, 2000

**FEES**

The 2000 projected costs for Storage & Transmission Operations are as follows

1. Station Operations	48 hrs	\$118.57	5,691
2. Line Operations	56 hrs	\$97.18	5,442
3. Line Maintenance	90 hrs	\$91.54	8,239
			<u>\$19,372</u>

St. Clair Pipelines (1996) Ltd.  
Per:

\_\_\_\_\_

Union Gas Limited  
Per:



UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction  
2.0 Impact on Union's Transmission and Distribution Systems

**References:** Union Gas Pre-filed Evidence, para. 2

**Preamble:** Dawn Gateway LP will be owned jointly by Spectra Energy Corp. and DTE Pipeline Company through various affiliates.

**Request:**

- a) Please identify the "various affiliates" referenced in this paragraph.
- b) Please provide details of the ownership structure of the "various affiliates" referenced in this paragraph.

**Response:**

- a) & b) It is expected that Dawn Gateway LP will be structured as follows:

The general partner of Dawn Gateway LP will be Dawn Gateway Pipeline General Partner Inc. Westcoast Energy Inc., through UEI Holdings (New Brunswick) Inc. will indirectly own 50% of Dawn Gateway Pipeline General Partner Inc. DTE Pipeline Company will indirectly own the other 50% of Dawn Gateway Pipeline General Partner Inc. through DTE Dawn Gateway Canada Inc.

The limited partners of Dawn Gateway LP will be Spectra Energy Midstream Holdings Partnership, an indirectly wholly-owned partnership of Westcoast Energy Inc., and DTE Vector Canada Inc., an affiliate of DTE Pipeline Company. The two limited partners will own equal interests in the limited partnership.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction  
2.0 Impact on Union's Transmission and Distribution Systems  
3.0 Land Matters

**References:** Union Gas Pre-filed Evidence, paras. 9, 12

**Preamble:** It is expected that the portion of the Dawn Gateway Line that would be located in Ontario would be regulated by the NEB. Dawn Gateway LP intends to make applications to the NEB.

**Request:**

- a) Has Union Gas, Spectra, DTE and/or Dawn Gateway LP had any communications with the NEB regarding the Dawn Gateway project? If so, please provide details of and documentation related to these communications with the NEB.
- b) Has a preliminary information package (PIP) been prepared for the Dawn Gateway project? If so, please provide a copy.

**Response:**

- a) Representatives from Union Gas and DTE on behalf of Dawn Gateway joint venture met with the NEB on November 21 2008. Copies of the presentation and summary of discussion can be requested from the NEB by following the attached link:

<http://www.neb-one.gc.ca/clf-nsi/rcmmn/cntcts/cntctspublctn-eng.html>

- b) No, a Preliminary Information Package (PIP) has not been prepared.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction  
2.0 Impact on Union's Transmission and Distribution Systems

**References:** Union Gas Pre-filed Evidence, paras. 8-10

**Preamble:** Description of the Dawn Gateway line

**Request:**

- a) Who will be responsible for the operation of each of the individual component pipelines listed in paragraph 8 if those lines become part of the Dawn Gateway pipeline?
- b) Who will be responsible for the integrity management of each of the individual component pipelines listed in paragraph 8 if those lines become part of the Dawn Gateway pipeline?
- c) Please provide details of the current integrity management program for the St. Clair-Bickford line.
- d) What was the physical life expectancy of the St. Clair-Bickford pipeline at the time of installation?
- e) What is the current physical life expectancy of the St. Clair-Bickford pipeline?
- f) What was the expected economic life of the St. Clair-Bickford pipeline at the time of installation?
- g) What is the current expected economic life of the St. Clair-Bickford pipeline?
- h) Would any of the responses to parts (e) and (g) change if the St. Clair-Bickford line is sold to Dawn Gateway? If so, please explain why.
- i) Who will be responsible for the operational monitoring of each of the individual component pipelines listed in paragraph 8 if those lines become part of the Dawn Gateway pipeline?
- j) Will system monitoring for the Dawn Gateway line be centralized in one location? If so, please identify the location and the party responsible for system monitoring.
- k) Who will be responsible for lands management for Dawn Gateway JV in Ontario?

- l) Who will be responsible for landowner relations for Dawn Gateway JV in Ontario?
- m) For each of the parties identified in parts (e) and (f), please describe the party's experience in dealing with NEB regulations and landowner issues related to NEB regulations.

**Response:**

- a) Union understands that DTE or an affiliate will be responsible for the operations and system monitoring of the entire Dawn Gateway pipeline from its control center in Michigan, including all four sections listed in Paragraph 8 of the prefiled evidence.
- b) Union expects to enter into a contract with Dawn Gateway LP to provide for integrity management services on the Canadian portion of the Dawn Gateway pipeline.
- c) This line is included within the Union Gas Pipeline Integrity Management Program (Pipeline IMP). As specified in the Ontario Regulations, the Union Gas Pipeline IMP includes the following key elements:
- o Management system;
  - o Working Records management system;
  - o Condition Monitoring program; and
  - o Mitigation program.

Historically, Union has undertaken a number of measures and practices to address the integrity and safety of its pipeline systems. Standard operating practices, such as leakage and corrosion surveys have been an integral part of Union's operations for many years. As technology and practices have evolved, Union has applied greater levels of sophistication to manage the integrity of its pipeline systems.

In 2002, as part of its expanded TSSA sanctioned Pipeline IMP, Union initiated a 10-year plan to systematically assess the condition of all pipelines in Ontario operating at or above 30% of the specified minimum yield strength (SMYS) of the pipe, and implement mitigation plans to address any integrity issues that were identified. Where practical, the primary method used to complete condition monitoring is through internal inline inspection, or "pigging" of the lines, to detect metal loss and other anomalies. The process of sending the pigging devices through the lines is quite involved and requires coordination with a number of functional areas within the Company to ensure that proper flow conditions can be maintained to capture the required data by the inline inspection devices while maintaining gas service to customers.

Physical pipeline data retrieved from the inline inspections are grouped and prioritized based on criticality for more direct evaluation. The frequency of future inspections is

based on results from the most current assessments. The findings from this process are then used to adjust future plans and practices.

A part of its management system, Union puts structure and controls around the key processes that are used to operate and maintain the pipelines. This ensures that policies, responsibilities, and practices are clearly documented, communicated, implemented, reviewed and adjusted to meet the stated objectives.

As part of Union's Pipeline IMP, the St Clair – Bickford Line was inline inspected in 2002 and is scheduled for another inspection in the summer / fall of 2009.

d) The pipeline does not have a quantifiable lifespan. With cathodic protection to inhibit corrosion, ongoing monitoring and proper operation, the pipeline will retain its integrity indefinitely.

e) Please refer to Union's response in 5 d) above.

f) The various components of the St. Clair line are depreciated at varying rates ranging from 28 to 50 years with a weighted average of approximately 40 years.

g) Based on the range of useful lives provided in (f), the range for what is currently remaining of the useful life is 10 to 32 years, and the average remaining life is 22 years.

h) The response to 5 e) and g) would not change.

i) Please refer to Union's response to a) above.

j) Please refer to Union's response to a) above

k) and l) Union will likely enter into a contract with Dawn Gateway LP to provide land management and landowner relation services for the Canadian portion of the Dawn Gateway pipeline.

m) Union currently provides the lands management and landowner relation services identified in sections k) and l) for the following NEB regulated pipelines: Vector Pipelines and St. Clair Pipelines LP.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction  
2.0 Impact on Union's Transmission and Distribution Systems

**References:** Union Gas Pre-filed Evidence, para. 13

**Preamble:** Union Gas requests leave to sell after the Dawn Gateway JV has completed all other steps necessary to put the Dawn Gateway Line into service, including obtaining all required regulatory approvals and completing construction of the new Bickford to Dawn line.

**Request:**

- a) Please identify all required regulatory approvals referenced in paragraph 13, including the underlying legislative or regulatory provisions.
- b) Please provide a copy of any application made with respect to any of these required regulatory approvals.
- c) Please provide a copy of any environmental assessment or environmental study report prepared for the Dawn Gateway pipeline or any part of it.

**Response:**

a) b) c) Dawn Gateway LP has not yet applied to the NEB for approval of the Dawn Gateway Line. This material will be included in the Dawn Gateway NEB application. For additional information please refer to Union's response to Board Staff Question # 2,

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction  
2.0 Impact on Union's Transmission and Distribution Systems  
3.0 Land Matters

**References:** Union Gas Pre-filed Evidence, para. 8

**Preamble:** The St. Clair-Bickford line is currently regulated by the OEB, but if it is transferred to Dawn Gateway LP and becomes part of the Dawn Gateway line it is expected that it would then be regulated by the NEB.

**Request:**

- a) Please identify any Union Gas pipelines located adjacent to or which cross the St. Clair-Bickford line.
- b) Please provide a diagram showing the location of any pipelines and surrounding pipeline easements identified in part (a) relative to the location of the St. Clair-Bickford pipeline. Please include the distance(s) between the centre line of the St. Clair Pipeline and any adjacent Union Gas pipeline.
- c) For each of these pipelines, if any, please provide a copy of the Ontario Energy Board Order pursuant to which the pipeline was constructed.
- d) For each of these pipelines, if any, please provide a copy of the easement agreement or agreement for land use approved by the Ontario Energy Board as part of the decision granting leave to construct the pipeline.
- a) Please identify and provide details of any land use restrictions related to pipelines identified in part (a) that apply to lands outside the applicable Union Gas permanent easement for the pipeline.
- e) Please identify and provide details of any minimum setback requirements that apply to pipelines identified in part (a).

**Response:**

a) & b) The St Clair Pipeline is adjacent to and/or crosses the following pipelines:

- NPS 12 SIL,
- NPS 10/12 CIL,
- NPS 20 SIL Loop,
- NPS 8/10 HP Distribution Line

- NPS 10 Sombra Pool Line.

Please see Attachment # 1 for centreline distances and further details depicting these pipelines which are shown on drawings K914.

c) Please see Attachment # 2 for copies of the Ontario Energy Board Orders for the following pipelines:

- Ontario Energy Board Order - RP-2000-0117 Sarnia Regional Cogeneration Project
- Ontario Energy Board Order – P.L. 42 - Sarnia Industrial Line
- Ontario Energy Board Order P.L. 67 – Sombra Pool

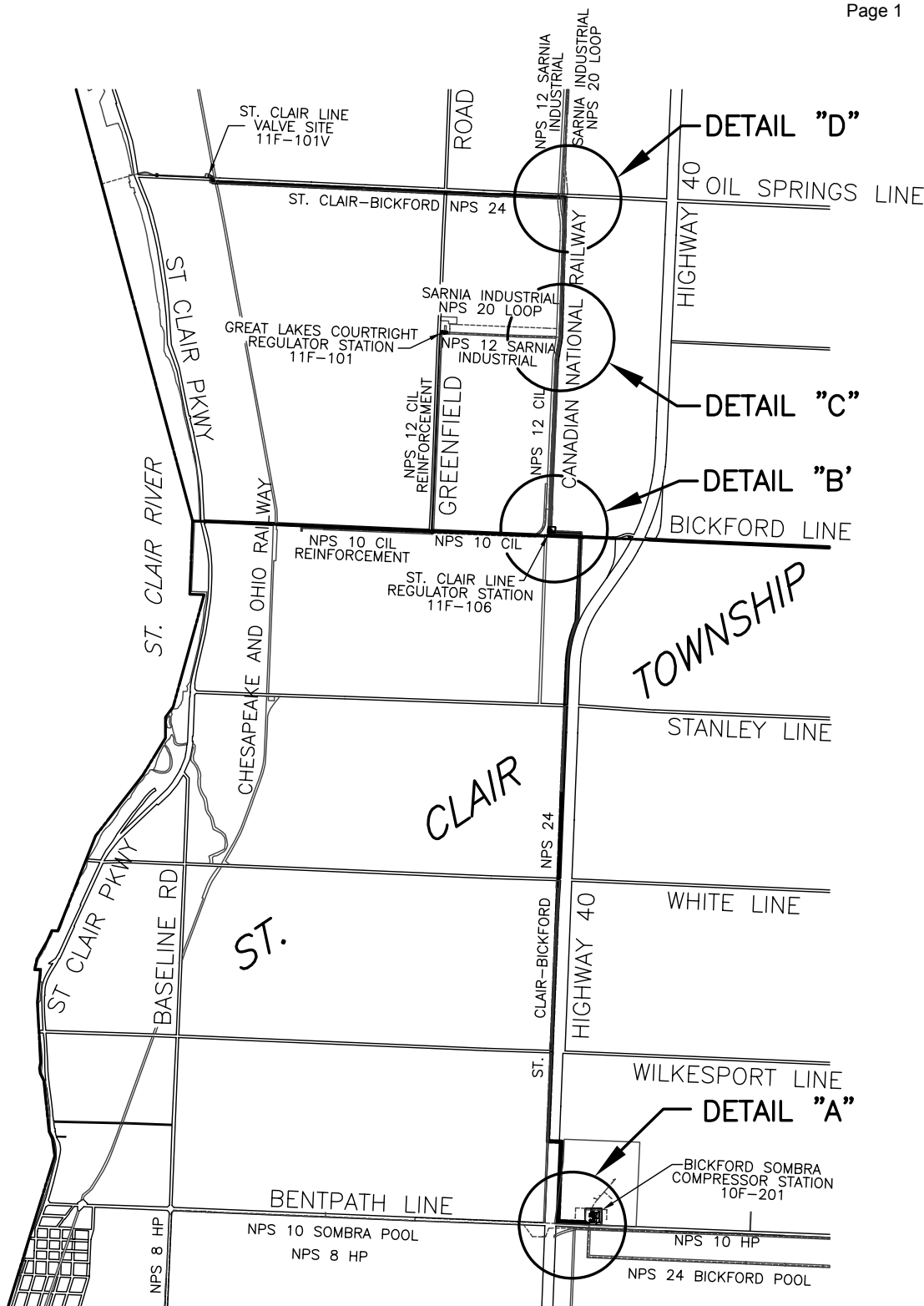
d) Please see Attachment # 3 for copies of Board approved form of easement.

- Sarnia Regional Cogeneration Project
- Sarnia Industrial Line


a) The Technical Standards and Safety Association (TSSA) Guidelines for Development in the Vicinity of Oil and Gas Pipeline Facilities identifies land use restrictions related to pipelines. There may also be other Federal, Provincial and Municipal land use restrictions which have to be followed.

e) The Technical Standards and Safety Association (TSSA) Guidelines for Development in the Vicinity of Oil and Gas Pipeline Facilities states:

*“For oil and gas pipelines operating at a stress level in excess of 40% SMYS, a minimum setback of 20 metres shall be maintained from the centerline of the pipeline to dwellings intended for human occupancy. A minimum setback of 200 metres shall be maintained from the centerline of pipelines to institutions where rapid evacuation may be difficult, such as hospitals, nursing homes, penal institutions, and institutions for the physically and mentally handicapped.”*



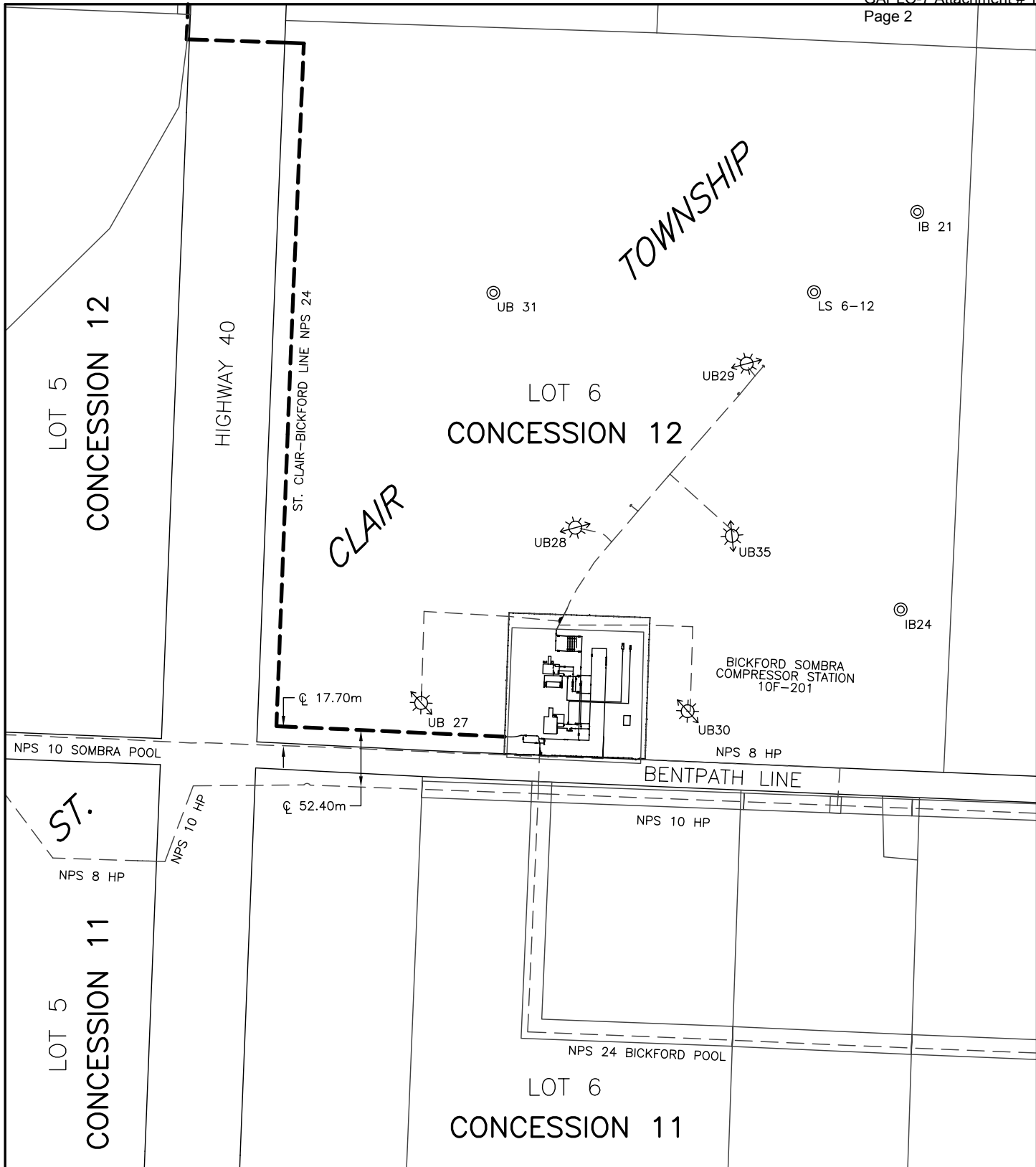
REVISIONS				
NO.	DATE	BY	APP'D	REMARKS




**uniongas**  
A Spectra Energy Company

**ST. CLAIR – BICKFORD NPS 24  
 GENERAL LOCATION MAP  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON**

DRAWN BY	K.W. GUERIN	DATE	2009/04/16	SCALE	1:50000
CHECKED BY		DATE		AC/DRAW CODE	K914-01
APPROVED BY		DATE		JOB NO.	
SIZE	DRAWER	SHEET	DRAWING NO.		
A	N/A	1 of 5	<b>K914</b>		



REVISIONS				
NO.	DATE	BY	APP'D	REMARKS



**uniongas**  
A Spectra Energy Company

**ST. CLAIR-BICKFORD LINE NPS 24  
 DETAIL "A"  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON**

DRAWN BY	K.W. GUERIN	DATE	2009/04/16	SCALE	1:5000	PLOT SPEC.	1=5
CHECKED BY		DATE		AC/DRAW CODE	K914-02		
APPROVED BY		DATE		JOB NO.			
SIZE	A	DRAWER	N/A	SHEET	2 of 5		DRAWING NO. <b>K914</b>



CONCESSION I

LOT 26

CONCESSION I

LOT 26

RAILWAY

CIL NPS 12

4.85m

CIL NPS 10

NATIONAL

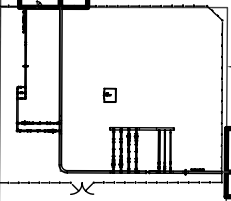
WEST LIMIT OF NPS 24 EASEMENT

NPS 12

ST. CLAIR-BICKFORD LINE NPS 24

EAST LIMIT OF NPS 24 EASEMENT

CANADIAN



ST. CLAIR LINE  
 REGULATOR STATION  
 11F-106

NORTH LIMIT OF NPS 24 EASEMENT

ST. CLAIR-BICKFORD LINE NPS 24

SOUTH LIMIT OF NPS 24 EASEMENT

TOWNSHIP

ST. CLAIR

BICKFORD LINE

CIL NPS 10

CONCESSION 15

LOT 4

CONCESSION 15

LOT 5

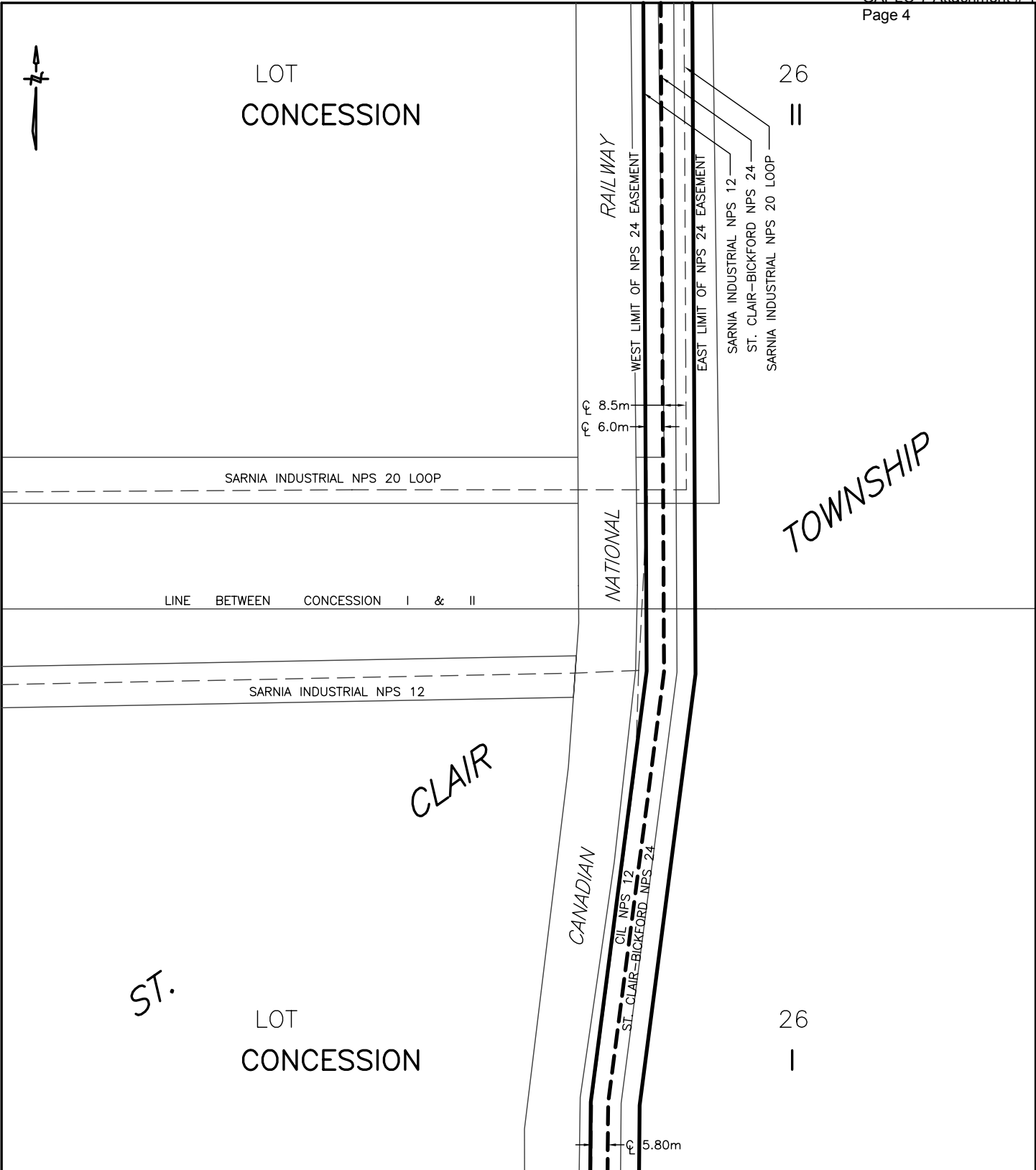
REVISIONS

NO.	DATE	BY	APP'D	REMARKS



ST. CLAIR-BICKFORD LINE NPS 24  
 DETAIL "B"  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON

DRAWN BY	K.W. GUERIN	DATE	2009/04/16	SCALE	1:2000	PLOT SPEC.	1=2	
CHECKED BY		DATE		AC/DRAW CODE	K914-03			
APPROVED BY		DATE		JOB NO.				
SIZE	A	DRAWER	N/A	SHEET	3 of 5		DRAWING NO.	K914



**REVISIONS**

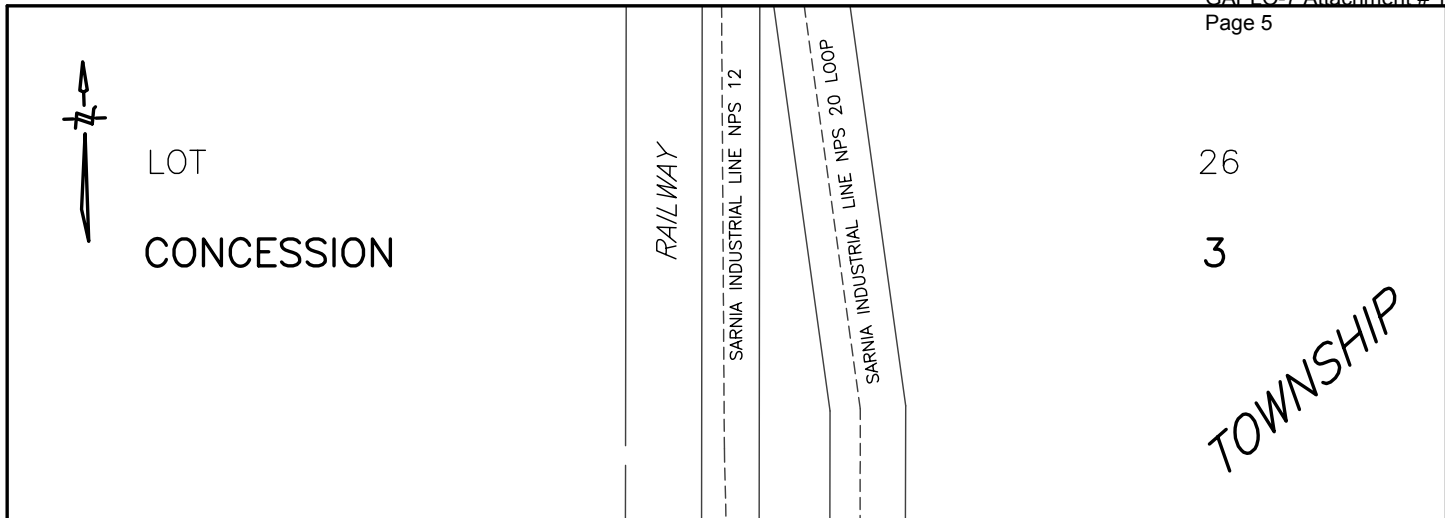
NO.	DATE	BY	APP'D	REMARKS



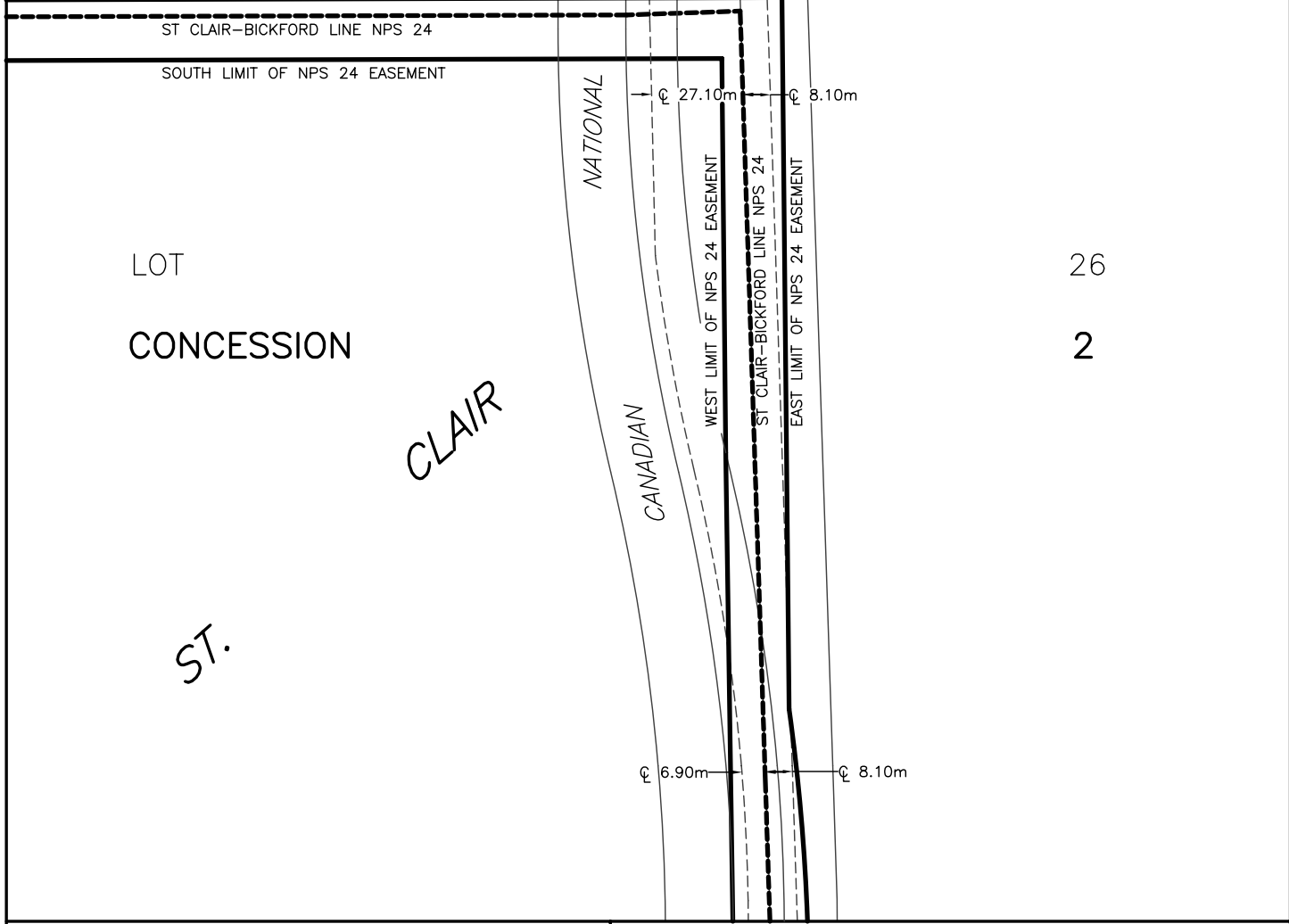
**uniongas**  
 A Spectra Energy Company

**ST. CLAIR-BICKFORD LINE NPS 24  
 DETAIL "C"  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON**

DRAWN BY	K.W. GUERIN	DATE	2009/04/16	SCALE	1:1000	PLOT SPEC.	1=1
CHECKED BY		DATE		AC/DRAW CODE	K914-04		
APPROVED BY		DATE		JOB NO.			
SIZE	A	DRAWER	N/A	SHEET	4 of 5		DRAWING NO. <b>K914</b>



OIL SPRINGS LINE  
 NORTH LIMIT OF NPS 24 EASEMENT



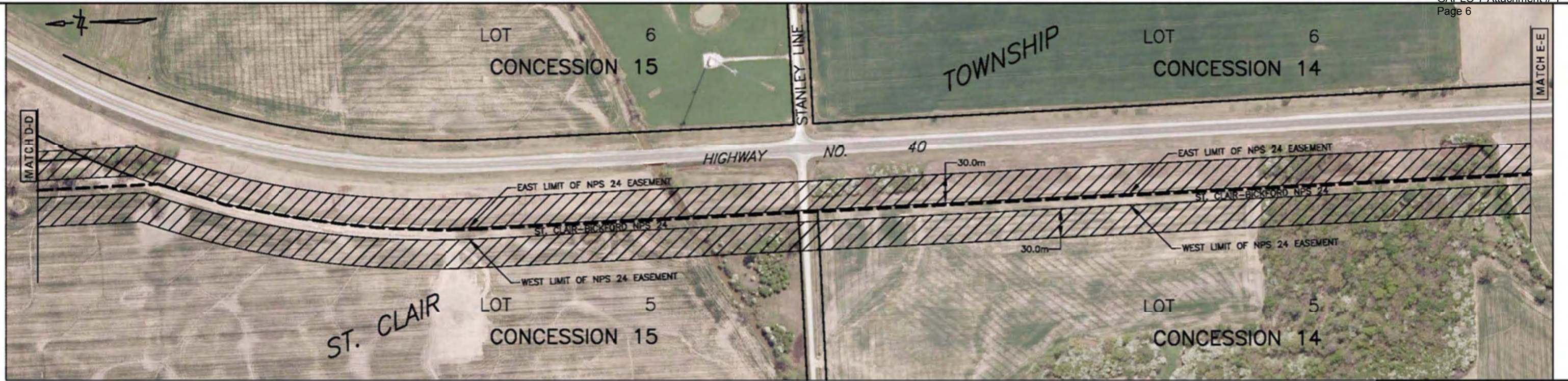
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NO.	DATE	BY	APP'D	REMARKS

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**ST. CLAIR-BICKFORD LINE NPS 24  
 DETAIL "D"  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON**

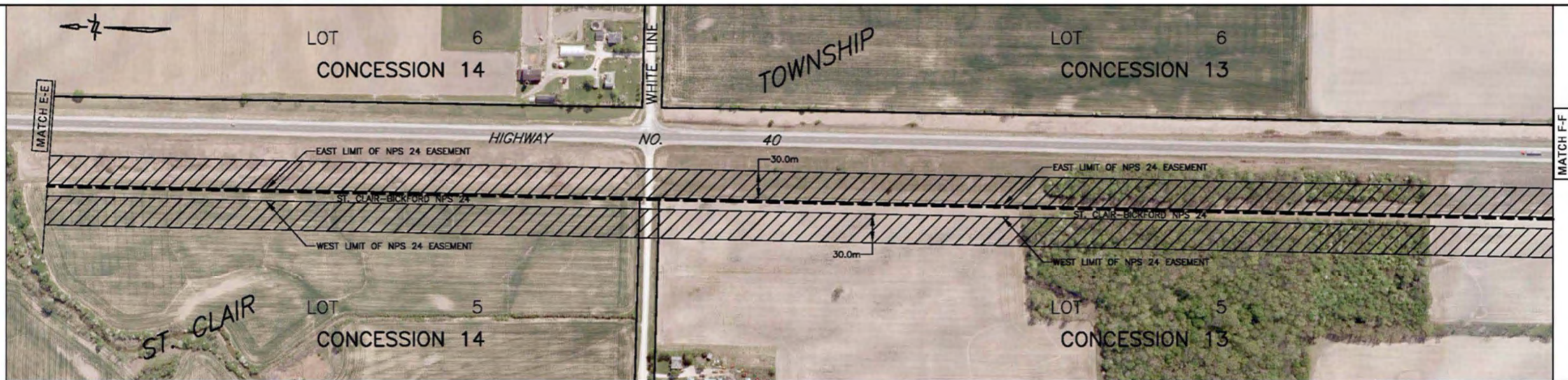
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CHECKED BY	DATE	AC/DRAW CODE K914-05	
APPROVED BY	DATE	JOB NO.	
SIZE A	DRAWER N/A	SHEET 5 of 5	DRAWING NO. <b>K914</b>



ST. CLAIR-BICKFORD LINE NPS 24  
 STRIP MAP

REVISIONS				
NO.	DATE	BY	APPL.	REMARKS

OWNER	K.W. GUERIN	DATE	2009/04/20	SCALE	1:25000	PLAT. NO.	
DESIGNED BY		DATE		APPROVED		DATE	2014-06
DRAWN BY		DATE		CHECKED		DATE	
APP'D BY		DATE					
SHEET	B	TOTAL	N/A	SHEET	5 of 8	PROJECT NO.	K914



ST. CLAIR-BICKFORD LINE NPS 24  
 STRIP MAP

REVISIONS				
NO.	DATE	BY	APPL.	REMARKS

OWNER	K.W. GUERIN	DATE	2009/04/20	SCALE	1:25000	PLAT. NO.	
DESIGNED BY		DATE		APPROVED		DATE	2014-06
DRAWN BY		DATE		CHECKED		DATE	
APP'D BY		DATE					
SHEET	B	TOTAL	N/A	SHEET	6 of 8	PROJECT NO.	K914



ST. CLAIR-BICKFORD LINE NPS 24  
 STRIP MAP  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON

REVISIONS				
NO.	DATE	BY	APPR.	REMARKS

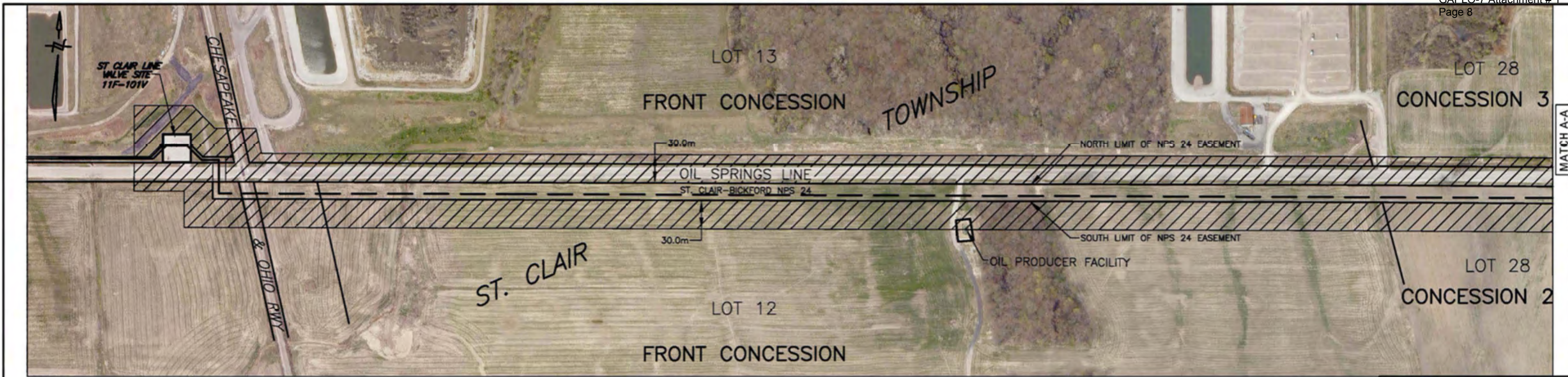
DESIGNED BY	DATE	SCALE	PLAT SPEC.
DRAWN BY	DATE	ADDITIONAL	NO.
APP'D BY	DATE		
NO.	CONTRACT	SHEET	DRAWING NO.
B	N/A	3 of 8	K914



ST. CLAIR-BICKFORD LINE NPS 24  
 STRIP MAP  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON

REVISIONS				
NO.	DATE	BY	APPR.	REMARKS

DESIGNED BY	DATE	SCALE	PLAT SPEC.
DRAWN BY	DATE	ADDITIONAL	NO.
APP'D BY	DATE		
NO.	CONTRACT	SHEET	DRAWING NO.
B	N/A	4 of 8	K914

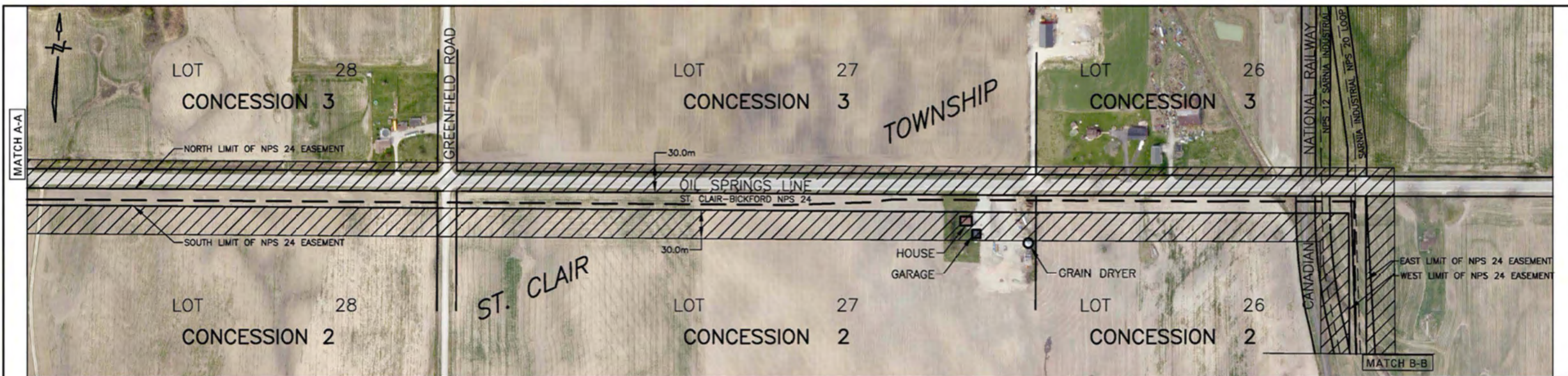


**uniongas**  
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ST. CLAIR-BICKFORD LINE NPS 24  
 STRIP MAP  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON

REVISIONS				
NO.	DATE	BY	APPL.	REMARKS

DESIGNED BY	DATE	SCALE	PLOT SCALE
DRAWN BY	DATE	SCALE	PLOT SCALE
CHECKED BY	DATE	SCALE	PLOT SCALE
APP'D BY	DATE	SCALE	PLOT SCALE
NO.	CONTR.	SHEET	DRAWING NO.
B	N/A	1 of 8	K914

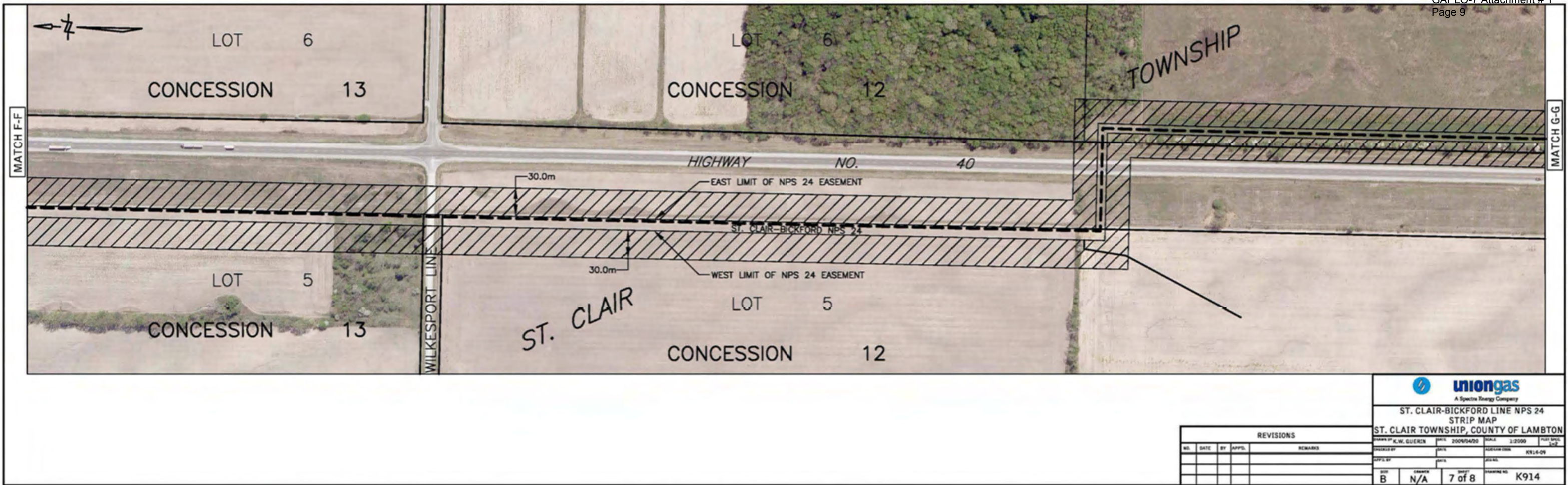


**uniongas**  
 A Spectra Energy Company

ST. CLAIR-BICKFORD LINE NPS 24  
 STRIP MAP  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON

REVISIONS				
NO.	DATE	BY	APPL.	REMARKS

DESIGNED BY	DATE	SCALE	PLOT SCALE
DRAWN BY	DATE	SCALE	PLOT SCALE
CHECKED BY	DATE	SCALE	PLOT SCALE
APP'D BY	DATE	SCALE	PLOT SCALE
NO.	CONTR.	SHEET	DRAWING NO.
B	N/A	2 of 8	K914



ST. CLAIR-BICKFORD LINE NPS 24  
 STRIP MAP  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON

DESIGNED BY	K.W. GUERIN	DATE	2009/04/20	SCALE	1:2000	PLOT SCALE	1:200
DRAWN BY		DATE		APPROVAL CODE			
APPROVED BY		DATE		JOB NO.			
SIZE	B	CORNER	N/A	SHEET	7 of 8	DRAWING NO.	K914

REVISIONS				
NO.	DATE	BY	APPL.	REMARKS



ST. CLAIR-BICKFORD LINE NPS 24  
 STRIP MAP  
 ST. CLAIR TOWNSHIP, COUNTY OF LAMBTON

DESIGNED BY	K.W. GUERIN	DATE	2009/04/20	SCALE	1:2000	PLOT SCALE	1:200
DRAWN BY		DATE		APPROVAL CODE			
APPROVED BY		DATE		JOB NO.			
SIZE	B	CORNER	N/A	SHEET	8 of 8	DRAWING NO.	K914

REVISIONS				
NO.	DATE	BY	APPL.	REMARKS

Ontario Energy  
Board

Commission de l'Énergie  
de l'Ontario



RP-2000-0117

**IN THE MATTER OF** the *Ontario Energy Board Act*, S.O. 1998, c. 15, Schedule B;

**AND IN THE MATTER OF** an Application by Union Gas Limited for an Order granting leave to construct a natural gas transmission pipeline in the Township of Moore, Lambton County.

**BEFORE:** Sheila K. Halladay  
Presiding Member

Judith B. Simon  
Member

### **ORDER**

Union Gas Limited ("Union") filed an amended application (the "Application") with the Ontario Energy Board ("the Board"), dated November 22, 2000, pursuant to subsection 90(1) of the Ontario Energy Board Act, S.O. 1998, c. 15, Schedule B (the "Act"). Union applied for an Order of the Board granting leave to construct 10.1 kilometres of NPS 20 steel natural gas transmission pipeline from Union's Courtright station located in Lot 27, Concession I, to Union's Petrosar Station located in Lot 26, Concession VIII, all in the Township of Moore, Lambton County. The Application amends a previous application for the same pipeline filed by Union, dated October 26, 2000, pursuant to section 91 of the Act.

- 2 -

A Notice of Application, dated November 24, 2000, was served and published in accordance with the Board's Letter of Direction. The Board issued Procedural Order No. 1, dated January 9, 2001 and Procedural Order No. 2 dated February 5, 2001. An ADR settlement conference was held at the Board on March 8, 2001. The Application was heard in Toronto on April 9, 2001.

The Board issued an oral Decision on April 10, 2001. The Board found the project to be in the public interest and approved the Application subject to the Board's Conditions of Approval, a copy of which is attached as Appendix "A".

**THE BOARD THEREFORE ORDERS THAT:**

1. Leave to construct the proposed NPS 20 natural gas transmission pipeline is granted to Union Gas Limited, subject to the Conditions of Approval contained in Appendix "A" attached to this Order.
2. Union shall pay the Board's costs of these proceedings immediately upon receipt of the Board's invoice.

**ISSUED** at Toronto April 19, 2001

ONTARIO ENERGY BOARD



---

Peter H. O'Dell  
Assistant Board Secretary

APPENDIX "A"

TO

BOARD ORDER RP-2000-0117

DATED April 19, 2001

A handwritten signature in black ink, appearing to read "Peter H. O'Dell", is written over a horizontal line.

Peter H. O'Dell  
Assistant Board Secretary

**Sarnia Industrial Line - RP-2000-0117**

**CONDITIONS OF APPROVAL**

- a) Subject to Condition (b), Union shall comply with all undertakings made by its counsel and witnesses, and shall construct the facilities and shall restore the land according to the evidence of its witnesses at this hearing.
- b) 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 forthwith after the fact.
- c) Union shall furnish the Board's designated representative with every reasonable facility for ascertaining whether the work has been, and is being, performed in accordance with the Board's Order.
- d) Union shall file with the Board's designated representative notice of the date on which the installed transmission line is pressure tested within one month after the test date.
- e) Both during and after the construction, Union shall monitor the effects upon the land and the environment, and shall file five copies of both an interim and final monitoring report in writing with the Board, and simultaneously provide a copy of each environmental monitoring report to every landowner and tenant on the pipeline routes. 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.
- f) The interim monitoring report shall confirm Union's adherence to Conditions (a) and (b) and shall include a description of the effects noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the construction upon the land and the environment. This report shall describe any outstanding concerns of landowners or tenants.
- g) The final environmental monitoring report shall describe the condition of the rehabilitated right-of-way. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Further, a final environmental cost report shall be filed with the Board and shall include a breakdown of external costs incurred to date for the authorized project, with items of cost associated with particular environmental measures delineated and identified as pre-construction related, construction related and restoration related. Any deficiency in compliance with undertakings shall be explained.

- 2 -

- h) Union shall give the Board's designated representative and the Chairman of the Ontario Pipeline Coordinating Committee ("OPCC") ten days written notice, in advance of the commencement of the construction of the NPS 20 transmission line unless said construction is to commence within ten days of receipt of this Board's decision and in such an event shall be as soon as possible.
- i) Within fifteen months of the in-service date, Union shall file with the Board a written Post Construction Financial Report. The Report shall indicate the actual capital costs of the project and shall explain all significant variances from the estimates adduced in the hearing.
- j) Authorization for Leave to Construct shall terminate December 31, 2001, unless otherwise ordered by the Board.
- k) Union shall designate one of its employees as project manager who will be responsible for the fulfilment of undertakings on the construction site and shall provide the name of the project manager to the Board's designated representative. Union shall prepare a list of the undertakings given by its counsel and witnesses during the hearing and will provide it to the Board's designated representative for verification and to the project engineer for compliance during construction.
- l) Union shall attach to its interim and final monitoring reports a log of all complaints that have been received during construction. Such logs shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- m) There shall be no blasting along the proposed pipeline route.
- n) The Board's designated representative for the purpose of these Conditions of Approval shall be the Board's Regulatory Officer responsible for the application, or in his or her absence the Manager, Facilities.



Ontario  
Energy  
Board

P.L. 42

IN THE MATTER OF The Ontario Energy Board Act, R.S.O. 1980, c. 332, and in particular subsections 46(3) and 46(1) thereof.

BEFORE:	I. C. MacNabb,	)	
	Vice Chairman &	)	
	Presiding Member	)	
		)	October 30, 1984
	H. R. Chatterson	)	
	Member	)	
		)	

O R D E R

UPON the letter request of Union Gas Limited ("Union") dated September 14, 1984, under subsection 46(3) of the Ontario Energy Board Act for an exemption from the requirement of subsection 46(1) of the Act in respect of the construction of a transmission line in the Townships of Moore and Sombra, as indicated on the map filed with the said letter request;

AND UPON the request having been considered in Toronto on October 30, 1984;

AND UPON the Board being satisfied that the construction of the said transmission line is in the public interest and that, in the special circumstances of the case, the request should be granted;

- 2 -

IT IS ORDERED THAT:

1. Union is exempted from the requirements of section 46(1) of the Ontario Energy Board Act in respect of the said transmission line, subject to the conditions in paragraph 2.
2. This Order is subject to the following conditions:
  - a) Union shall give to the Board and to the Chairman of the Ontario Pipeline Coordination Committee,
    - i) verbal notice and then written notice of the commencement of construction and shall identify its Chief Inspector to the Board; and
    - ii) a post-construction report with respect to its environmental damage mitigation efforts; and
  - b) this exemption terminates on December 31, 1985 unless the transmission line is substantially completed and available for service by that date.
3. The costs of this proceeding are fixed at \$50.00 to be paid forthwith by Union.

- 3 -

ISSUED at Toronto, this *5th* day of November,

1984

ONTARIO ENERGY BOARD



S.A.C. Thomas  
Board Secretary



IN THE MATTER OF a request by Union Gas Limited for an exemption under subsection 46(3) of the Ontario Energy Board Act, R.S.O. 1980, Chapter 332.

BEFORE: S.J. Wychowanec, Q.C.  
Chairman

D.A. Dean  
Member

ORDER

UPON Union Gas Limited ("Union") having by letter dated November 15, 1988 requested an exemption under Section 46(3) of the Ontario Energy Board Act ("the Act") from the requirements of Section 46(1) of the Act in respect of a proposal to construct a NPS 10 in transmission pipeline from its existing Bickford Pool Compressor Station in Lot 6, Concession XII to the Sombra Designated Gas Storage Area in Lots A, 1 and 2, Concessions IX and X, both in the Township of Sombra, in the County of Lambton, and a gathering system as shown in Appendices "A" and "B" attached hereto, and more particularly described as follows:

- 2 -

Commencing at the Bickford Pool Compressor Station in Lot 6, Concession XII, Township of Sombra, the 6.140 kilometres of NPS 10 pipeline proceeds westwards on the north side of the County Road #2 allowance to a point approximately one kilometre west of Highway 40, where it will cross to the south side of County Road #2 and continues westward to Baseline Road at which point the pipeline proceeds in a southerly direction along the east side of the Baseline Road allowance to the Concession Road between Concessions IX and X. The pipeline continues eastwards for a distance of approximately 190 metres, at which point the pipeline interconnects with the gathering system comprising 0.214 kilometres of NPS 8, 0.912 kilometres of NPS 6 and 0.029 kilometres of NPS 4 pipeline in Lot 1, Concessions IX and X in the Sombra Designated Gas Storage Area, in the Township of Sombra, all in the County of Lambton.

AND WHEREAS all necessary information required by the Board has been provided;

AND UPON the Ontario Energy Board ("the Board") having reviewed the information and being of the opinion that special circumstances exist which justify an exemption, namely, that it is in the public interest that additional gas storage space be available and that Union is unable to inject gas into the Sombra Storage Pool ("the Pool") without construction of the proposed lines;

- 3 -

THE BOARD ORDERS THAT:

1. Union is exempted from the requirements of subsection 46(1) of the Act in respect of the construction of the pipeline.
2. This Order is subject to the following conditions:
  - (a) This exemption shall terminate on December 31, 1990 unless construction has commenced before that date.
  - (b) The location of the pipelines shall be as shown in Schedule 8 of the prefiled evidence, attached hereto as Appendix "A", except that the location of the Sombra gathering system shall be as shown in the drawing identified as "Alternative Proposal Sombra Gathering System", and attached hereto as Appendix "B".
  - (c) Mr. Peter Glasgow, subject to his option to decline, shall be retained to repair the field tile damaged by Union's pipeline construction on Mr. Glasgow's property, and be paid an amount therefor

- 4 -

not to exceed the amount that would otherwise be paid by Union to a field tile contractor. An appropriate schedule for this repair work shall be determined by Union in consultation with Mr. Glasgow.

- (d) Union shall ensure that construction and restoration are carried out in compliance with all procedures, specifications, plans and undertakings set out in its prefiled material dated November 15, 1988 and subsequent revision, the Route Selection/Environmental Assessment Report dated September, 1988 and the letters from Union to Mr. P. Glasgow dated August 4, 1989 and October 17, 1989 respectively.
- (e) Union shall designate one of its employees as project engineer who will be responsible for the fulfillment of conditions and undertakings on the construction site, and shall provide the employee's name to the Board.
- (f) Union shall file with the Board Secretary and the Board's designated representative a notice of construction one week prior to commencement.
- (g) Union shall file with the Board Secretary and provide to the Chairman of the Ontario Pipeline

- 5 -

a post-construction environmental report, within one year from the date on which first injection into the Pool commences, describing:

- i) the condition of the right-of-way during construction;
  - ii) any sensitive environmental conditions;
  - iii) the mitigation efforts undertaken, their success and any deviations from the recommendations contained in the Route Selection- /Environmental Assessment Report;
  - iv) any problems remaining to be resolved;
  - v) the dates on which the installed pipelines were pressure tested, and
  - vi) the date on which injection into the Pool commenced upon completion of the new facilities.
- (h) Union shall file with the Board Secretary a post-construction Financial Report within six months of completion of construction. This report shall indicate the actual capital costs of the project and shall explain all significant variances from the estimates presented in the prefiled evidence, as amended to include the additional cost incurred as a result of the Alternative Proposal Sombra Gathering System, as shown in Appendix "B".
- (i) Work on Mr. Glasgow's property shall be limited to dry-weather construction.
- (j) There will be no blasting along the proposed route.

- 6 -

(k) Union shall comply with the requirement of the Fuels Safety Branch, Ministry of Consumer and Commercial Relations, that the stress level of the NPS 10 line shall be lower than 30 percent of the specified minimum yield strength for a distance of 20 metres from the closest point of any house in either direction.

3. The costs of the Board of and incidental to this proceeding are fixed at \$600.00 and, pursuant to Section 28 of the Act, are to be paid forthwith by Union.

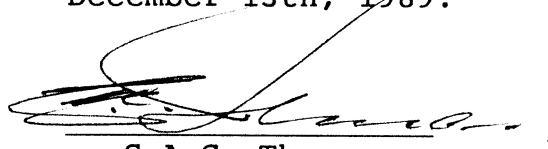
ISSUED at Toronto this 13th day of December, 1989.

ONTARIO ENERGY BOARD

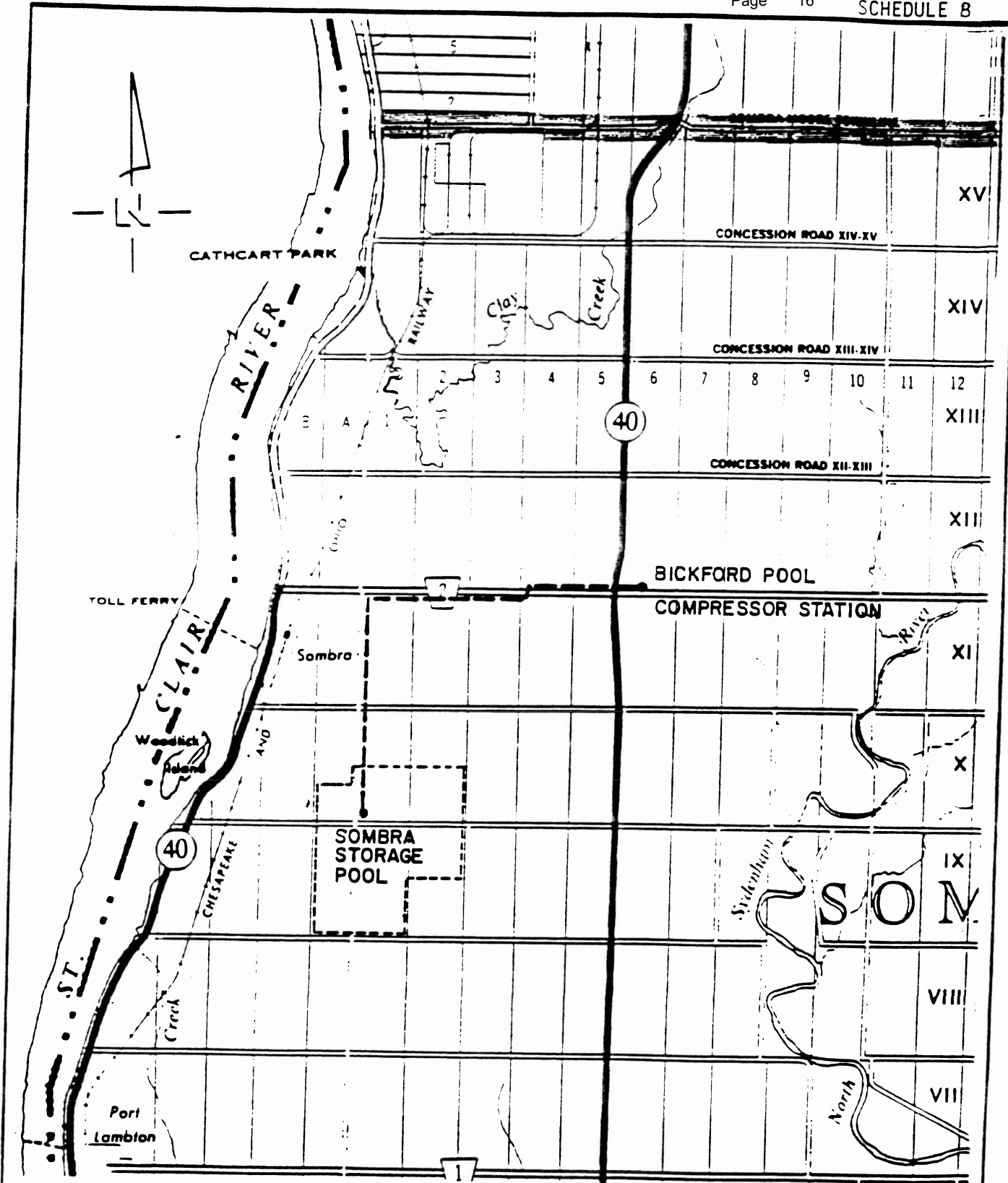
A handwritten signature in black ink, appearing to read 'S.A.C. Thomas', is written over a horizontal line. The signature is stylized and somewhat cursive.

S.A.C. Thomas  
Board Secretary

Appendix "A" to Board  
Order P.L. 67 dated  
December 13th, 1989.

A handwritten signature in black ink, appearing to read 'S.A.C. Thomas', written over a horizontal line.

S.A.C. Thomas  
Board Secretary



REVISIONS				
No.	DATE	BY	APP'D.	REMARKS

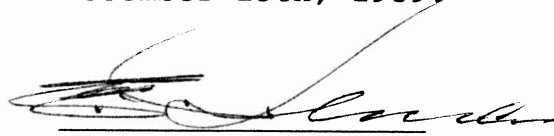
**UNION GAS LIMITED**

CHATHAM ONTARIO

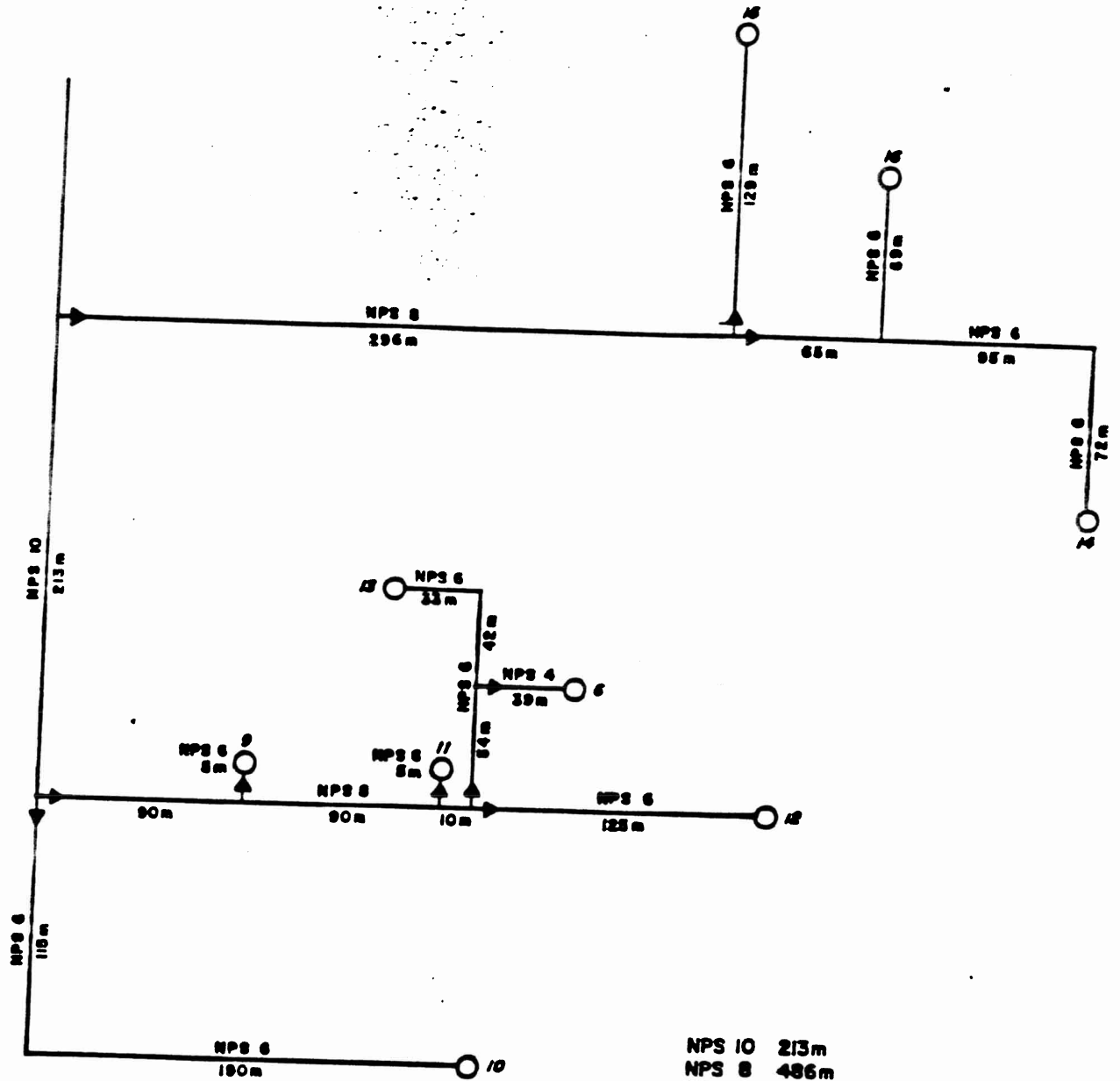
**PROPOSED NPS 10 SOMBRA POOL LINE**

DRAWN BY <u>T.A. KING</u>	SCALE <u>1" = 1 MILE</u>
CHECKED BY _____	DATE _____
APPROVED BY _____	DRAWING No. <u>15632</u>
SIZE <u>A</u>	DRAWER <u>I-E</u>
SHEET	

Appendix "B" to Board  
Order P.L. 67 dated  
December 13th, 1989.

A handwritten signature in black ink, appearing to read 'S.A.C. Thomas', written over a horizontal line.

S.A.C. Thomas  
Board Secretary



NPS 10 213m  
 NPS 8 486m  
 NPS 6 999m  
 NPS 4 39m

REVISIONS				
No.	DATE	BY	APP'D.	REMARKS

**UNION GAS LIMITED**

CHATHAM ONTARIO

**ALTERNATIVE PROPOSAL  
 SOMBRA GATHERING SYSTEM**

DRAWN BY <u>K. BOWERS</u>		SCALE <u>MTS</u>
CHECKED BY _____		DATE <u>22.07.24</u>
APPROVED BY _____		DRAWING NO. _____
SIZE <u>A</u>	DRAWER _____	SHEET _____

1-900-877-6

Additional Property Identifier(s) and/or Other Information

EASEMENT FOR TRANSMISSION PIPELINE

WHEREAS the Transferor is the owner in fee simple of those lands and premises more particularly described on page 5 of this Schedule (hereinafter called the "Transferor's lands").

WHEREAS the Transferee is the owner in fee simple of those lands and premises (hereinafter called the "Transferee's lands") situate, lying and being in the geographic Township of Dawn, now Township of Dawn-Euphemia, in the County of Lambton and Province of Ontario and being composed of the west half (w1/2) of Lot Number 25 in the 2nd Concession of the said Township.

The Transferor (and the Mortgagee) do hereby GRANT, CONVEY, TRANSFER AND CONFIRM unto the Transferee, its successors and assigns, to be used and enjoyed as appurtenant to all or any part of the lands of the Transferee's lands the right, liberty, privilege and easement on, over, in, under and/or through a strip of the Transferor's lands more particularly described in Box 5 of page one of this Schedule (hereinafter referred to as the "Lands") to survey, lay, construct, maintain, inspect, patrol, alter, remove, replace, reconstruct, repair, move, keep, use and/or operate one pipe line for the transmission of pipeline quality natural gas as defined in The Ontario Energy Board Act S.O. 1998 (hereinafter referred to as the "Pipeline") including therewith all such buried attachments, equipment and appliances for cathodic protection which the Transferee may deem necessary or convenient thereto, together with the right of ingress and egress at any and all times over and upon the Lands for its servants, agents, employees, those engaged in its business, contractors and subcontractors on foot and/or with vehicles, supplies, machinery and equipment for all purposes necessary or incidental to the exercise and enjoyment of the rights, privileges and easement hereby granted. The Parties hereto mutually covenant and agree each with the other as follows:

1. In consideration of the sum of 00/100 DOLLARS (\$) of lawful money of Canada (hereinafter called the "Consideration"), which sum is payment in full for the rights and interest hereby granted and for the rights and interest, if any, acquired by the Transferee by expropriation, including in either or both cases payment in full for all such matters as injurious affection to remaining lands and the effect, if any, of registration on title of this document and where applicable, of the expropriation documents, subject to Clause 12 hereof to be paid by the Transferee to the Transferor within 90 days from the date of these presents or prior to the exercise by the Transferee of any of its rights hereunder other than the right to survey (whichever may be the earlier date), the rights, privileges and easement hereby granted shall continue in perpetuity or until the Transferee, with the express written consent of the Transferor, shall execute and deliver a surrender thereof. Prior to such surrender Transferee shall remove all debris as may have resulted from the Transferee's use of the Lands from the Lands and in all respects restore the Lands to its previous productivity and fertility so far as is reasonably possible, save and except for items in respect of which compensation is due under Clause 2. hereof. Transferor and Transferee hereby agree that nothing herein shall oblige Transferee to remove the Pipeline from the Lands as part of Transferee's obligation to restore the Lands.
2. The Transferee shall make to the Transferor (or the person or persons entitled thereto) due compensation for any damages to the Lands resulting from the exercise of any of the rights herein granted, and if the compensation is not agreed upon by the Transferee and the Transferor, it shall be determined by arbitration in the manner prescribed by the Expropriations Act, R.S.O. 1990, Chapter E-26 or any Act passed in amendment thereof or substitution therefor. Any gates, fences and tile drains interfered with by the Transferee shall be restored by the Transferee at its expense as closely as reasonably possible to the condition and function in which they existed immediately prior to such interference by the Transferee and in the case of tile drains, such restoration shall be performed in accordance with good drainage practice.
3. The Pipeline (including attachments, equipment and appliances for cathodic protection but excluding valves, take-offs and fencing installed under Clause 9 hereof) shall be laid to such a depth that upon completion of installation it will not obstruct the natural surface run-off from the Lands nor ordinary cultivation of the Lands nor any tile drainage system existing in the Lands at the time of installation of the Pipeline nor any planned tile drainage system to be laid in the Lands in accordance with standard drainage practice, if the Transferee is given at least thirty (30) days notice of such planned system prior to the installation of the pipeline; provided that the Transferee may leave the pipeline exposed in crossing a ditch, stream, gorge or similar object where approval has been obtained from the Ontario Energy Board or other Provincial Board or authority having jurisdiction in the premises. The Transferee agrees to make reasonable efforts to accommodate the planning and installation of future tile drainage systems following installation of the pipeline so as not to obstruct or interfere with such tile installation.
4. As soon as reasonably possible after the construction of the Pipeline, the Transferee shall level the

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Additional Property Identifier(s) and/or Other Information

Lands and unless otherwise agreed to by the Transferor, shall remove all debris as may have resulted from the Transferee's use of the Lands therefrom and in all respects restore the Lands to its previous productivity and fertility so far as is reasonably possible, save and except for items in respect of which compensation is due under Clause 2 hereof.

5. The Transferee shall indemnify the Transferor for any and all liabilities, damages, costs, claims, suits and actions which are directly attributable to the exercise of the rights hereby granted, except to the extent of those resulting from the gross negligence or willful misconduct of the Transferor.

6. In the event that the Transferee fails to comply with any of the requirements set out in Clause 2, 3, or 4 hereof within a reasonable time of the receipt of notice in writing from the Transferor setting forth the failure complained of, the Transferee shall compensate the Transferor (or the person or persons entitled thereto) for any damage, if any, necessarily resulting from such failure and the reasonable costs if any, incurred in the recovery of those damages.

7. Except in case of emergency, the Transferee shall not enter upon any lands of the Transferor, other than the Lands, without the consent of the Transferor. In case of emergency the right of entry upon the Transferor's lands for ingress and egress to and from the Lands is hereby granted. The determination of what circumstances constitute an emergency, for purposes of this paragraph is within the absolute discretion of the Transferee, but is a situation in which the Transferee has a need to access the pipeline in the public interest without notice to the Transferor, subject to the provisions of paragraph 2 herein. The Transferee will, within 72 hours of entry upon such lands, advise the Transferor of the said emergency circumstances and thereafter provide a written report to Transferor with respect to the resolution of the emergency situation.

8. The Transferor shall have the right to fully use and enjoy the Lands except for planting trees over a six (6) metre strip centered over the Pipeline, and except as may be necessary for any of the purposes hereby granted to the Transferee, provided that without the prior written consent of the Transferee, the Transferor shall not with mechanical equipment or explosives excavate, drill, install, erect or permit to be excavated, drilled, installed or erected in, on, over or through the Lands any pit, well, foundation, pavement, building, mobile homes or other structure or installation. Notwithstanding the foregoing the Transferee upon request shall consent to the Transferor erecting or repairing farm fences, constructing or repairing his tile drains and domestic sewer pipes, water pipes, and utility pipes and constructing or repairing his lanes, roads, driveways, pathways, and walks across, on and in the Lands or any portion or portions thereof, provided that before commencing any of the work referred to in this sentence the Transferor shall (a) give the Transferee at least three (3) clear days notice in writing pointing out the work desired so as to enable the Transferee to evaluate and comment on the work proposed and to have a representative inspect the site and/or be present at any time or times during the performance of the work, (b) shall follow the instructions of such representative as to the performance of such work without damage to the Pipeline, (c) shall exercise a high degree of care in carrying out any such work and, (d) shall perform any such work in such a manner as not to endanger or damage the Pipeline as may be required by the Transferee.

9. The rights, privileges and easement herein granted shall include the right to install, keep, use, operate, service, maintain, repair, remove and/or replace in, on and above the Lands any valves and/or take-offs subject to additional agreements and to fence in such valves and/or take-offs and to keep same fenced in, but for this right the Transferee shall pay to the Transferor (or the person or persons entitled thereto) such additional compensation as may be agreed upon and in default of agreement as may be settled by arbitration under the provisions of The Ontario Energy Board Act, S.O. 1998, or any Act passed in amendment thereof or substitution therefor. The Transferee agrees to make all reasonable efforts to locate such facilities adjacent to lot lines and public road allowances. The Transferee shall keep down weeds on any lands removed from cultivation by reason of locating any valves and/or take-offs in the Lands.

10. Notwithstanding any rule of law or equity and even though the Pipeline and its appurtenances may become annexed or affixed to the realty, title thereto shall nevertheless remain in the Transferee.

11. Neither this Agreement nor anything herein contained nor anything done hereunder shall affect or prejudice the Transferee's rights to acquire the Lands or any other portion or portions of the Transferor's lands under the provisions of The Ontario Energy Board Act, S.O. 1998, or any other laws, which rights the Transferee may exercise at its discretion in the event of the Transferor being unable or unwilling for any reason to perform this Agreement or give to the Transferee a clear and unencumbered title to the

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Additional Property Identifier(s) and/or Other Information

easement herein granted.

12. The Transferor covenants that he has the right to convey this easement notwithstanding any act on his part, that he will execute such further assurances of this easement as may be requisite and which the Transferee may at its expense prepare and that the Transferee, performing and observing the covenants and conditions on its part to be performed, shall have quiet possession and enjoyment of the rights, privileges and easement hereby granted. If it shall appear that at the date hereof the Transferor is not the sole owner of the Lands, this Indenture shall nevertheless bind the Transferor to the full extent of his interest therein and shall also extend to any after-acquired interest, but all moneys payable hereunder shall be paid to the Transferor only in the proportion that his interest in the Lands bears to the entire interest therein.

13. In the event that the Transferee fails to pay the consideration as hereinbefore provided, the Transferor shall have the right to declare this easement canceled after the expiration of 15 days from personal service upon the Secretary, Assistant Secretary or Manager, Lands Department of the Transferee at its Executive Head Office in Chatham, Ontario, (or at such other point in Ontario as the Transferee may from time to time specify by notice in writing to the Transferor) of notice in writing of such default, unless during such 15 day period the Transferee shall pay the said consideration; upon failing to pay as aforesaid, the Transferee shall forthwith after the expiration of 15 days from the service of such notice execute and deliver to the Transferor at the expense of the Transferee, a valid and registerable release and discharge of this easement.

14. All payments under these presents may be made either in cash or by cheque of the Transferee and may be made to the Transferor (or person or persons entitled thereto) either personally or by mail. All notices and mail sent pursuant to these presents shall be addressed to the Transferor at and to the Transferee at Union Gas Limited, 50 Keil Drive North, Chatham, Ontario N7M 5M1, Attention: Manager, Lands or to such other address in either case as the Transferor or the Transferee respectively may from time to time appoint in writing.

15. The rights, privileges and easement hereby granted are and shall be of the same force and effect as a covenant running with the land and this Indenture, including all the covenants and conditions herein contained, shall extend to, be binding upon and enure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties hereto respectively; and, wherever the singular or masculine is used it shall, where necessary, be construed as if the plural, or feminine or neuter had been used, as the case may be.

16. The Mortgagee in Mortgage/Charge Number \_\_\_\_\_, in consideration of the sum of Two Dollars (\$2.00) the receipt whereof is hereby acknowledged, joins herein for the purpose of consenting hereto and agrees to the easement hereby granted and covenants that the Transferee shall have quiet possession of the rights, privileges and easements hereby granted. The Mortgagee certifies that the Mortgagee is at least eighteen years old.

(Name of Mortgagee) \_\_\_\_\_

Witness:

(Per: \_\_\_\_\_)

Date of Signature \_\_\_\_\_

(Per: \_\_\_\_\_)

Date of Signature \_\_\_\_\_

"I/we have authority to bind the corporation."

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Additional Property Identifier(s) and/or Other Information

Description of the Transferor's Lands

FOR OFFICE  
USE ONLY



Additional Property Identifier(s) and/or Other Information

Municipality of Chatham-Kent

Province of Ontario

DECLARATION REQUIRED UNDER SECTION 50 OF THE PLANNING ACT, R.S.O. 1990, as amended

I, \_\_\_\_\_, of the Municipality of Chatham-Kent, in the Province of Ontario.

DO SOLEMNLY DECLARE THAT

- 1. I am \_\_\_\_\_, Lands Department of Union Gas Limited, the Transferee in the attached Grant of Easement and as such have knowledge of the matters herein deposed to.
- 2. The use of or right in the land described in the said Grant of Easement is being acquired by Union Gas Limited for the purpose of a hydrocarbon transmission line within the meaning of part VI of the Ontario Energy Board Act, 1998.

AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath, and by virtue of The Canada Evidence Act.

DECLARED before me at the \_\_\_\_\_ )  
 Municipality of Chatham-Kent, )  
 in the Province of Ontario )  
 this \_\_\_\_\_ day of \_\_\_\_\_, 2000 ) )

A Commissioner, etc.

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Refer to all instructions on reverse side.

IN THE MATTER OF THE CONVEYANCE OF (insert brief description of land)

BY (print names of all transferors in full)

TO (see instruction 1 and print names of all transferees in full) Union Gas Limited

I, (see instruction 2 and print name(s) in full)

MAKE OATH AND SAY THAT:

1. I am (place a clear mark within the square opposite that one of the following paragraphs that describes the capacity of the deponent(s)): (see instruction 2)

- (a) A person in trust for whom the land conveyed in the above-described conveyance is being conveyed;
(b) A trustee named in the above-described conveyance to whom the land is being conveyed;
(c) A transferee named in the above-described conveyance;
[X] (d) The authorized agent or solicitor acting in this transaction for (insert name(s) of principal(s)) Union Gas Limited

(e) The President, Vice-President, Manager, Secretary, Director or Treasurer (insert name(s) of corporation(s))

(f) A transferee described in paragraph ( ) (insert only one of paragraph (a), (b) or (c) above, as applicable) and am making this affidavit on my own behalf and on behalf of (insert name of spouse) who is my spouse described in paragraph ( ) (insert only one of paragraph (a), (b) or (c) above, as applicable) and as such, I have personal knowledge of the facts herein deposed to.

2. (To be completed where the value of the consideration for the conveyance exceeds \$400,000).

I have read and considered the definition of "single family residence" set out in clause 1(1)(ja) of the Act. The land conveyed in the above-described conveyance

- contains at least one and not more than two single family residences.
does not contain a single family residence.
contains more than two single family residences. (see instruction 3)

Note: Clause 2(1)(d) imposes an additional tax at the rate of one-half of one per cent upon the value of consideration in excess of \$400,000 where the conveyance contains at least one and not more than two single family residences.

3. I have read and considered the definitions of "non-resident corporation" and "non-resident person" set out respectively in clauses 1(1)(f) and (g) of the Act and each of the following persons to whom or in trust for whom the land is being conveyed in the above-described conveyance is a "non-resident corporation" or a "non-resident person" as set out in the Act. (see instructions 4 and 5) NONE

4. THE TOTAL CONSIDERATION FOR THIS TRANSACTION IS ALLOCATED AS FOLLOWS:

Table with 2 columns: Description and Amount. Rows include: (a) Monies paid or to be paid in cash \$ 2.00; (b) Mortgages (i) Assumed \$ Nil; (ii) Given back to vendor \$ Nil; (c) Property transferred in exchange \$ Nil; (d) Securities transferred \$ Nil; (e) Liens, legacies, annuities and maintenance charges \$ Nil; (f) Other valuable consideration \$ Nil; (g) VALUE OF LAND, BUILDING, FIXTURES AND GOODWILL SUBJECT TO LAND TRANSFER TAX (Total of (a) to (f)) \$ 2.00; (h) VALUE OF ALL CHATTELS \$ Nil; (i) Other consideration for transaction \$ Nil; (j) TOTAL CONSIDERATION \$ 2.00

All Blanks Must Be Filled In. Where Applicable

5. If consideration is nominal, describe relationship between transferor and transferee and state purpose of conveyance. (see instruction 6) Pipeline for transmission of natural gas.

6. If the consideration is nominal, is the land subject to any encumbrance?

7. Other remarks and explanations, if necessary. Exempt from Land Transfer Tax pursuant to Ontario Revised Regulation 695/90 - easement for the purpose of a pipeline.

Sworn before me at the in the this day of

A Commissioner for taking Affidavits, etc.

signature(s)

Property Information Record

- A. Describe nature of instrument: Easement for a pipeline
B. (i) Address of property being conveyed (if available)
(ii) Assessment Roll No. (if available)
C. Mailing address(es) for future Notices of Assessment under the Assessment Act for property being conveyed (see instruction 7)
D. (i) Registration number for last conveyance of property being conveyed (if available)
(ii) Legal description of property conveyed: Same as in D.(i) above. Yes No Not known
E. Name(s) and address(es) of each transferee's solicitor

Union Gas Limited
50 Keil Drive, North
Chatham, Ontario N7M 5M1

For Land Registry Office Use Only
Registration No.
Registration Date
Land Registry Office No.

School Tax Support (Voluntary Election) See reverse for explanation

- (a) Are all individual transferees Roman Catholic? Yes No
(b) If Yes, do all individual transferees wish to be Roman Catholic Separate School Supporters? Yes No
(c) Do all individual transferees have French Language Education Rights? Yes No
(d) If Yes, do all individual transferees wish to support the French Language School Board (where established)? Yes No

NOTE: As to (c) and (d) the land being transferred will be assigned to the French Public School Board or Sector unless otherwise directed in (a) and (b).

1. Where any transferee (other than a joint tenant) is taking less than the whole interest in the property being acquired, then the percentage ownership of each such transferee must be clearly indicated beside his/her respective name.
2. (i) It should be noted that if all *deponents* are not entitled to mark the same square in paragraph 1 of the Affidavit, then more than one Affidavit will be required. Only those deponents who are entitled to mark the same square in paragraph 1 may swear the same Affidavit.
  - (ii) This Affidavit is required to be made by each transferee named in the conveyance, by each person in trust for whom the land conveyed in the conveyance described is being conveyed and by each trustee named in the conveyance to whom the land is conveyed.
  - (iii) However, any of the transferees may have the Affidavit made on his behalf by an agent authorized in writing to make the Affidavit or by his solicitor. (See clause (d) of paragraph 1 of the Affidavit.)
  - (iv) The Affidavit for a transferee that is a corporation may be made by its President, Vice-President, Manager, Secretary, Director or Treasurer. (See clause (e) of paragraph 1 of the Affidavit.)
  - (v) Where transferees are married to each other, either spouse may make the Affidavit on behalf of him/herself and the other. (See clause (f) of paragraph 1 of the Affidavit.)
3. Extract of clause 1(1)(ja) of the Act:
  - (ja) "single family residence" means,
    - (i) a unit or proposed unit under the Condominium Act, or
    - (ii) a structure or part of a structure,
 

that is designed for occupation as the residence of one family, including dependents or domestic employees of a member of the family, whether or not rent is paid for the occupation of any part of such residence, and whether or not the land on which the residence is situated is zoned for residential use, and "single family residence" includes any such residence that is to be constructed as part of the arrangement relating to a conveyance of land, but does not include any such residence constructed or to be constructed on agricultural land where the transferor with respect to the land conveyed meets the eligibility requirements for a farm tax reduction rebate contained in clause 4(b) or (c) of Ontario Regulation 716/83 made under the Ministry of Agriculture and Food Act.
4. **Note: Subsection 1(3) provides, inter alia, that an individual shall be considered to be "ordinarily resident in Canada" if, at the time the expression is being applied, he has sojourned in Canada during the next preceding twenty-four months for a period of, or periods the aggregate of which is 366 days or more.**

Extract of clauses 1(1)(f) and (g) of the Act:

  - (f) "non-resident corporation" means a corporation incorporated, formed or otherwise organized in Canada or elsewhere,
    - (i) that has allotted and issued shares to which are attached 50 per cent or more of the voting rights ordinarily exercisable at meetings of the shareholders of the corporation and that are owned by one or more non-resident persons, but this subclause does not apply where it is established to the satisfaction of the Minister that such one or more non-resident persons do not in fact directly or indirectly exercise control over the corporation and that subclause (v) does not apply to the corporation,
    - (ii) that has allotted and issued shares to which are attached 25 per cent or more of the voting rights ordinarily exercisable at meetings of the shareholders of the corporation and that are owned by any one non-resident person or by that person and one or more persons who are associates of that person and who are themselves non-resident persons, but this subclause does not apply where it is established to the satisfaction of the Minister that such non-resident person does not in fact directly or indirectly exercise control over the corporation and that subclause (v) does not apply to the corporation,
    - (iii) one-half or more of the directors of which, or of the persons occupying the position of director by whatever name called, are individuals who are non-resident persons,
    - (iv) without share capital and one-half or more of the members of which are non-resident persons,
    - (v) that is controlled directly or indirectly by one or more non-resident persons, including a non-resident corporation within the definition contained in the provisions of this clause other than this subclause,
    - (vi) one-quarter or more of the paid-up capital of which is held by a non-resident person or by that person and one or more persons who are associates of that person and who are themselves non-resident persons,
  - (g) "non-resident person" means,
    - (i) an individual who is not ordinarily resident in Canada or who, if ordinarily resident in Canada, is neither a Canadian citizen nor an individual who has been lawfully admitted to Canada for permanent residence in Canada,
    - (ii) a partnership, syndicate, association or other organization of whatsoever kind of which one-half or more of the members are non-resident persons within the meaning of subclause (i), (iii) or (iv) or in which interests representing in value 50 per cent or more of the total value of the property of such partnership, syndicate, association or other organization are beneficially owned by non-resident persons within the meaning of subclause (i), (iii) or (iv),
    - (iii) a trust in which non-resident persons within the meaning of subclause (i), (ii) or (iv) have 50 per cent or more of the beneficial interests in the corpus of the trust or in the income arising therefrom, and "trust" includes the trustees under such a trust in their capacity as the trustees thereof, or
    - (iv) a non-resident corporation.
5. Insert the name and place of residence – or in the case of a corporation, the place of incorporation – of any transferee who is a non-resident person. If space is insufficient, attach a list of those transferees who are non-resident persons. If none of the transferees is non-resident, insert 'none'.
 

**Note: Where the person named in the instrument as grantee is taking title on behalf of another person(s), the residency status to be recited must be that of the person or persons who are the beneficial owners of the land – not that of the grantee named in the instrument. This applies regardless of whether the trustee or nominee capacity of the grantee named in the instrument is indicated on the instrument.**
6. Explain purpose of transfer: natural love and affection, pursuant to court order, separation agreement, etc.
7. Insert mailing address(es) where municipal assessment notices for property being conveyed are to be forwarded after closing of this transaction.

**SCHOOL TAX SUPPORT (Voluntary Election)**

- (a) & (b) The school tax support for the land being transferred will be assigned to the public school board unless otherwise directed. Only Roman Catholics can be separate school supporters. If all individual transferees are Roman Catholic and wish to be separate schools supporters, the completion of items (a) and (b) will serve as notice to the Regional Assessment Commissioner to enter the transferees on the next Assessment Roll as Roman Catholic separate school supporters. For further information on school support contact your local school board.
- (c) & (d) If the land being transferred is situated in an area in which a French Language School Board has been established, and all individual transferees have French language education rights, completion of (c) and (d) will serve as notice to the Regional Assessment Commissioner to enter the transferees on the next Assessment Roll as French language school board supporters.

Individuals have French language education rights under s.23 of the Canadian Charter of Rights and Freedoms if the individual can answer yes to any one of the following questions:

- (i) Is French the language you first learned and still understand ?
- (ii) Did you receive your elementary school instruction in French ? (This does not include French immersion or French as a second language).
- (iii) Have any of your children received, or are they now receiving elementary or secondary school instruction in Canada in French ? (This does not include French immersion or French as a second language).

This information is requested under the Authority of s.15 of the Assessment Act.

For further information contact your local school board.

**NOTE: IN ADDITION TO ATTACHING THIS AFFIDAVIT TO THE CONVEYANCE TENDERED FOR REGISTRATION, ONE UNATTACHED, COMPLETED COPY MUST BE TENDERED TO THE LAND REGISTRAR AT THE TIME OF REGISTRATION.**

# Grant of Easement

THIS INDENTURE made the \_\_\_\_\_ 19\_\_\_\_  
In Pursuance of the Short Forms of Conveyances Act  
BETWEEN:

\_\_\_\_\_ of the \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the County \_\_\_\_\_  
of \_\_\_\_\_ Province \_\_\_\_\_  
of Ontario, hereinafter called "the Grantor" OF THE FIRST PART

and  
**UNION GAS**  
LIMITED

A company incorporated under the laws of the Province of  
Ontario with head office at the City of Chatham, in the  
County of Kent, hereinafter called "the Grantee" OF THE SECOND PART

and  
\_\_\_\_\_ of the said \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ wife  
(wives) of the Grantor, OF THE THIRD PART

and  
\_\_\_\_\_ hereinafter called "the Mortgagee" OF THE FOURTH PART

and  
OF THE FIFTH PART

WHEREAS the Grantor is the registered owner of the following lands and premises (hereinafter referred to as "the Grantor's lands") in the Township of \_\_\_\_\_, in the County of \_\_\_\_\_ and Province of Ontario, namely:

AND WHEREAS the Mortgagee is the registered holder of a mortgage or charge affecting the Grantor's lands (and the Party of the Fifth Part has a claim against same or interest therein);

WITNESSETH that, in consideration of the sum of One Dollar (\$1.00) of lawful money of Canada now paid by the Grantee to the Grantor, the receipt of which is hereby acknowledged, and the additional sum of

\_\_\_\_\_ Dollars (\$ \_\_\_\_\_) of lawful money of Canada (hereinafter called "the purchase price", which sum is payment in full for the rights and interests hereby granted and for the rights and interests, if any, acquired by the Grantee by expropriation, including in either or both cases payment in full for all such matters as severance, injurious affection to remaining lands and the effect, if any, of registration on title of this document and where applicable, of the expropriation documents) subject to Clause 11 hereof to be paid by the Grantee to the Grantor within 90 days from the date of these presents or prior to the exercise by the Grantee of any of its rights hereunder other than the right to survey (whichever may be the earlier date), the Grantor (and the Mortgagee

and of the Party of the Fifth Part do hereby GRANT, CONVEY, TRANSFER AND CONFIRM unto the Grantee, its successors and assigns, to be used and enjoyed as appurtenant to all or any part of the lands of the Grantee described in Schedule "A" hereto, the right, liberty, privilege and easement on, over, in, under and or through a strip of the Grantor's lands more particularly described in Schedule "B" hereto (hereinafter referred to as "the said lands") to survey, lay, construct, maintain, inspect, patrol, alter, remove, replace, reconstruct, repair, move, keep, use, and or operate a pipe line for the transmission of gas (hereinafter referred to as "the said pipe line") including therewith all such buried attachments, equipment and appliances for cathodic protection which the Grantee may deem necessary or convenient thereto, together with the right of ingress and egress at any and all times over and upon the said lands for its servants, agents, employees, those engaged in its business, contractors, and subcontractors on foot and or with vehicles, supplies, machinery and equipment for all purposes necessary or incidental to the exercise and enjoyment of the rights, privileges and easement hereby granted. The Parties hereto mutually covenant and agree each with the other as follows.

1. The rights, privileges and easement hereby granted shall continue in perpetuity or until the Grantee shall execute and deliver a surrender thereof.
2. The Grantee shall make to the Grantor (or the person or persons entitled thereto) due compensation for any physical damages resulting from the exercise of any of the rights herein granted, and, if the compensation is not agreed upon by the Grantee and the Grantor, it shall be determined by arbitration in the manner prescribed by the Expropriations Act, R.S.O. 1980, Chapter 148 or any Act passed in amendment thereof or substitution therefor. Any gates, fences and tile drains interfered with by the Grantee shall be restored by the Grantee at its expense as closely as reasonably practicable to the condition in which they existed immediately prior to such interference by the Grantee, and in the case of tile drains, such restoration shall be performed in accordance with good drainage practice.
3. The said pipe line (including attachments, equipment and appliances for cathodic protection but excluding valves, take-offs and fencing installed under Clause 8 hereof) shall be laid to such a depth that upon completion of installation it will not obstruct the natural surface run-off from the said lands nor ordinary cultivation of the said lands nor any tile drainage system existing in the said lands at the time of installation of the said pipe line nor any planned tile drainage system to be laid in the said lands in accordance with standard drainage practice, if the Grantee is given notice of such planned system prior to the installation of the said pipe line; provided that the Grantee may leave the said pipe line exposed in crossing a ditch, stream, gorge or similar object, where approval has been obtained from the Ontario Energy Board or other Provincial Board or authority having jurisdiction in the premises.
4. As soon as reasonably practicable after the construction of the said pipe line, the Grantee shall level the said lands and unless otherwise agreed to by the Grantor, shall remove all debris therefrom and in all respects restore the said lands to their former state so far as is practical, save and except for items in respect of which compensation is due under Clause 2 hereof.
5. In the event that the Grantee fails to comply with any of the requirements set out in Clause 2, 3, or 4 hereof within a reasonable time of the receipt of notice in writing from the Grantor setting forth the failure complained of, the Grantee shall compensate the Grantor (or the person or persons entitled thereto) for any damage, if any, necessarily resulting from such failure.
6. Except in case of emergency, the Grantee shall not enter upon any lands of the Grantor, other than the said lands, without the consent of the Grantor. In case of emergency the right of entry upon the Grantor's lands for ingress and egress to and from the said lands is hereby granted.
7. The Grantor shall have the right to fully use and enjoy the said lands except as may be necessary for any of the purposes hereby granted to the Grantee, provided that without the prior written consent of the Grantee, the Grantor shall not excavate, drill, install, erect or permit to be excavated, drilled, installed or erected in, on, over or through the said lands any pit, well, foundation, pavement, building or other structure or installation. Notwithstanding the foregoing, the Grantee upon request shall consent to the Grantor erecting or repairing fences, constructing or repairing his tile drains and domestic sewer pipes, water pipes and utility pipes and constructing or repairing his lanes, roads, driveways, pathways, and walks across, on and in the said lands or any portion or portions thereof, provided that before commencing any of the work referred to in this sentence the Grantor shall (a) give the Grantee at least five (5) clear days notice in writing pointing out the work desired so as to enable the Grantee to have a representative inspect the site and or be present at any time or times during the performance of the work, (b) shall follow the instructions of such representative as to the performance of such work without damage to the said pipe line, (c) shall exercise a high degree of care in carrying out any such work and, (d) shall perform any such work in such a manner as not to endanger or damage the said pipe line.
8. The rights, privileges and easement herein granted shall include the right to install, keep, use, operate, service, maintain, repair, remove and or replace in, on and above the said lands any valves and or take-offs and to fence in such valves and or take-offs and to keep same fenced in, but for this right the Grantee shall pay to the Grantor (or the person or persons entitled thereto) such additional compensation as may be agreed upon and in default of agreement as may be settled by arbitration under the provisions of The Ontario Energy Board Act, R.S.O. 1980, Chapter 332, or any Act passed in amendment thereof or substitution therefor. The Grantee shall keep down weeds on any lands removed from cultivation by reason of locating any valves and/or take-offs in the said lands.
9. Notwithstanding any rule of law or equity and even though the said pipe line and its appurtenances may become annexed or affixed to the realty, title thereto shall nevertheless remain in the Grantee.
10. Neither this Agreement nor anything herein contained nor anything done hereunder shall affect or prejudice the Grantee's rights to acquire the said lands or any other portion or portions of the Grantor's lands under the provisions of The Ontario Energy Board Act, R.S.O. 1980, Chapter 332, or any other laws, which rights the Grantee may exercise at its discretion in the event of the Grantor being unable or unwilling for any reason to perform this Agreement or give to the Grantee a clear and unencumbered title to the easement herein granted.
11. The Grantor covenants that he has the right to convey this easement notwithstanding any act on his part, that he will execute such further assurances of this easement as may be requisite and which the Grantee may at its expense prepare and that the Grantee, performing and observing the covenants and conditions on its part to be performed, shall have quiet possession and enjoyment of the rights, privileges and easement hereby granted. If it

shall appear that at the date hereof the Grantor is not the sole owner of the said lands, this Indenture shall nevertheless bind the Grantor to the full extent of his interest therein and shall also extend to any after-acquired interest, but all monies payable hereunder shall be paid to the Grantor only in the proportion that his interest in the said lands bears to the entire interest therein.

12. In the event that the Grantee fails to pay the purchase price as hereinbefore provided, the Grantor shall have the right to declare this easement cancelled after the expiration of 15 days from personal service upon the Secretary, Assistant Secretary or Manager, Lands Department of the Grantee at its Executive Head Office in Chatham, Ontario, (or at such other point in Ontario as the Grantee may from time to time specify by notice in writing to the Grantor) of notice in writing of such default, unless during such 15 day period the Grantee shall pay the said purchase price; upon failing to pay as aforesaid, the Grantee shall forthwith after the expiration of 15 days from the service of such notice execute and deliver to the Grantor at the expense of the Grantee, a valid and registerable release and discharge of this easement.

13. All payments under these presents may be made either in cash or by cheque of the Grantee and may be made to the Grantor (or person or persons entitled thereto) either personally or by mail. All notices and mail sent pursuant to these presents shall be addressed to the Grantor at and to the Grantee at Union Gas Limited, 50 Keil Drive North, Chatham, Ontario, or to such other address in either case as the Grantor or the Grantee respectively may from time to time appoint in writing.

14. The rights, privileges and easement hereby granted are and shall be of the same force and effect as a covenant running with the land and this Indenture, including all the covenants and conditions herein contained, shall extend to, be binding upon and enure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties hereto respectively; and, wherever the singular or masculine is used it shall, where necessary, be construed as if the plural, or feminine or neuter had been used, as the case may be.

And I, \_\_\_\_\_, spouse of the Grantor, \_\_\_\_\_ hereby release all my interest in the within lands under the provisions of Part III of The Family Law Reform Act, 1978.

And, the Mortgagee and the Party of the Fifth Part covenant that the Grantee shall have quiet possession of the rights, privileges and easement hereby granted.

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Indenture as of the day and year first above written.

SIGNED, SEALED and DELIVERED  
in the presence of

APPROVED BY  
\_\_\_\_\_  
Lands Dept.  
\_\_\_\_\_

**UNION GAS**  
LIMITED

Vice-President

Assistant Secretary

- 4 -



04880 - 1983/11

**SCHEDULE "A"**

ALL AND SINGULAR that certain parcel or tract of land and premises, situate, lying and being in the Township of Dawn, in the County of Lambton and Province of Ontario and being composed of part of Lot Number 25 in the 2nd Concession of the said Township, and being more particularly described as follows, that is to say: COMMENCING at the Northwest angle of said Lot Number 25; THENCE Southerly in the Westerly limit of said Lot, nine hundred feet (900') to a point marked by an iron bar planted; THENCE Easterly, parallel with the Northerly limit of said lot, one thousand, one hundred feet (1100') to a point marked by an iron bar planted; THENCE Northerly, parallel with the said Westerly limit of said lot, nine hundred feet (900') more or less to a point in the said Northerly limit of said lot, marked by an iron bar planted; THENCE Westerly along the said Northerly limit of said lot a distance of one thousand, one hundred feet (1100') more or less to the place of beginning.

**SCHEDULE "B"**

ALL AND SINGULAR that certain parcel or tract of land and premises  
situate, lying and being in the .....  
in the County of ..... and Province of Ontario, and  
being composed of that part of Lot(s) .....  
Concession .....  
in the said ..... shown within the  
heavy outline and designated PART(S) .....  
on a plan of survey prepared by .....  
Ontario Land Surveyor, dated the ..... day of .....  
19 .....

PLAN DEPOSITED AS NO.

Schedule 3  
Page 5 of 5

DATED the \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

FROM

-TO-

**Union GAS**  
LIMITED  
50 Keil Drive, North,  
CHAITHAM, Ontario,  
N7M 5M1

**Grant of Easement**

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction

**References:** Union Gas Pre-filed Evidence, para. 8

**Preamble:** The St. Clair-Bickford line is currently regulated by the OEB, but if it is transferred to Dawn Gateway LP and becomes part of the Dawn Gateway line it is expected that it would then be regulated by the NEB.

**Request:**

- a) On what basis does Union Gas expect that the St. Clair-Bickford line would then be regulated by the NEB?
- b) What changes to management systems and processes for the St. Clair-Bickford line would be required by a transfer of jurisdiction over the line from the OEB to the NEB because of differences between federal and provincial requirements?
- c) What benefit(s) does Union Gas expect to derive from the transfer of the St. Clair-Bickford line from the OEB to the NEB jurisdiction?
- d) What detriment(s) does Union Gas expect to result from the transfer of the St. Clair-Bickford line from the OEB to the NEB jurisdiction?

**Response:**

- a) Please refer to Union's response Board Staff Question # 1.
- b) Union expects Dawn Gateway to create management systems and processes as required for Federally regulated pipeline.
- c) Natural gas users in Ontario will benefit from the transfer because it will result in the creation of the Dawn Gateway Line. These benefits are also described in Union's response to Board Staff Question # 1 and Question #11.
- d) Please refer to Union's response to Board Staff Question # 1.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction

**References:** Union Gas Pre-filed Evidence, para. 8

**Preamble:** It is expected that the Bickford to Dawn portion of the Dawn Gateway line will be regulated by the NEB.

**Request:** On what basis does Union Gas expect that Bickford-Dawn line would be regulated by the NEB?

**Response:**

Please refer to Union's response to Board Staff Question # 1.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction

**References:** Union Gas Pre-filed Evidence, para. 8

**Preamble:** The Belle River Mills Line is currently regulated by the Michigan Public Service Commission (MPSC).

**Request:**

- a) Does Union Gas expect that the Belle River Mills Line will be regulated by a regulator other than the MPSC if the line becomes part of the Dawn Gateway line? Please explain.
- b) Does MichCon intend to apply for a change of jurisdiction of the Belle River Mills Line? If so, please provide a copy of the application.
- c) Please provide a copy of any land use legislation and/or regulations, including minimum setback requirements, that apply to lands affected by the Belle River Mills Line.

**Response:**

- a) & b) The Belle River Mills Line is currently regulated by the MPSC. Dawn Gateway JV will need to review and if required file for an alternative regulatory framework.
- c) Union has no knowledge of the land use legislation and setback requirements in Michigan.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 1.0 Jurisdiction  
2.0 Impact on Union's Transmission and Distribution Systems

**References:** Union Gas Pre-filed Evidence, para. 29

**Preamble:** Union understands that Dawn Gateway JV will try to implement a reduction of transportation costs on the Michigan portion of the Dawn Gateway Line party by applying to its regulator for a lower fuel charge.

**Request:**

- a) Please confirm that the jurisdiction of the Ontario portion of the Dawn Gateway Line (whether it is OEB or NEB) will have no effect on the application referenced in this paragraph.
- b) If this confirmation cannot be provided, please explain why not.

**Response:**

- a) b) Confirmed.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 2.0 Impact on Union's Transmission and Distribution Systems  
5.0 Appropriate Test

**References:** Union Gas Application

**Preamble:** Union Gas applies for leave to sell 11.7 km of NPS 24 pipeline.

**Request:**

- a) Has Union Gas or Spectra Energy Corp. made any previous application to the Ontario Energy Board for leave to sell a pipeline, part of a pipeline or associated assets?
- b) If so, please provide a copy of the application(s) filed by Union Gas or Spectra Energy Corp. and a copy of any decision or order rendered by the regulator in response to the application(s).

**Response:**

- a) In the recent past Union has not applied to the Board for leave to sell any pipelines or pipeline associated assets. The Kirkwall lateral was sold pursuant to an Order-in-Council without an OEB application in 1989.
- b) Not applicable.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 3.0 Land Matters

**References:** Union Gas Pre-filed Evidence, para. 8  
*Ontario Energy Board Act*, s.96  
*National Energy Board Act*, s.86

**Preamble:** Bickford to Dawn Line will be a newly constructed line consisting of approximately 17 km of NPS 24 pipe to be owned by Dawn Gateway LP.

**Request:**

- a) Please provide a copy of any regulatory filing made with respect to this proposed new construction.
- b) Please provide a copy of the easement agreement or agreement for land use to be offered to landowners along this proposed new construction.
- c) What is the proposed width of the easement to be acquired for the proposed pipeline?
- d) Have any land rights necessary for the construction and operation of the Bickford to Dawn portion of the proposed Dawn Gateway pipeline been acquired to date? If so, please identify what land rights have been acquired.
- d) From how many landowners will permanent and temporary easement rights be required for the Bickford to Dawn portion?
- e) Of these landowners, how many have provided the permanent easement rights necessary for the Bickford to Dawn portion?

**Response:**

- a) to e) The application for the proposed Dawn Gateway project has not yet been filed with the NEB. Union expects that the application will be filed shortly by Dawn Gateway LP, with the NEB and will address all landowner concerns and routing alternatives for the Dawn-Bickford portion of the pipeline.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 3.0 Land Matters

**References:** E.B.L.O. 226 and 226A Decision granting leave to construct the St. Clair-Bickford line and related facilities

**Preamble:** The St. Clair-Bickford line was approved by the OEB by Order dated September 1, 1988. The Order included conditions of approval.

**Request:**

- a) Please provide copies of interim and final monitoring reports filed with the OEB as required by the condition of approval (g) (from Appendix "B" to the Order) for the project.
- b) Please provide copies of approvals issued by or through the Federal Energy Regulatory Commission, the Michigan Public Service Commission and the National Energy Board that are referenced the OEB's condition of approval at Appendix "C" to the Order.
- c) Please provide records of complaints made by landowners with respect to the St. Clair-Bickford line and records of the resolution or non-resolution of those complaints from the time of its construction to present.

**Response:**

- a) Please see Attachment # 1.
- b) Please see Attachment # 2.
- c) All landowner property files were reviewed. The files indicate that there were two tenants who objected to the materials used to make post construction tile repairs. Union confirms the tile as installed was operational and no complaints have been recorded. One water quality issue was recorded and was investigated at the time of construction. Union's investigation determined that the water quality issue was not related to pipeline construction activity and this was communicated to the property tenant. There have been no formal written complaints from landowners since post-construction clean-up was completed.



**Interim Monitoring Report On  
Construction and Restoration of the  
St. Clair to Bickford Pipeline**

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361 SOUTHGATE DRIVE  
QUELPH, ONTARIO  
N1G 3M5  
(519) 836-6050

---

FAX (519) 836-2493

---

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30 BALSAM STREET SOUTH  
TIMMINS, ONTARIO  
P4N 2C6  
(705) 264-3006  
(705) 264-8722

---

FAX (705) 264-3133

---

---

7 QUEEN STREET  
KAPUSKASING, ONTARIO  
P5N 1G5  
(705) 337-6033

---

Prepared by:

Ecological Services for Planning Limited

Prepared for:

Union Gas Limited

GUG25  
November, 1990



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B.	COMPACTION TEST RESULTS



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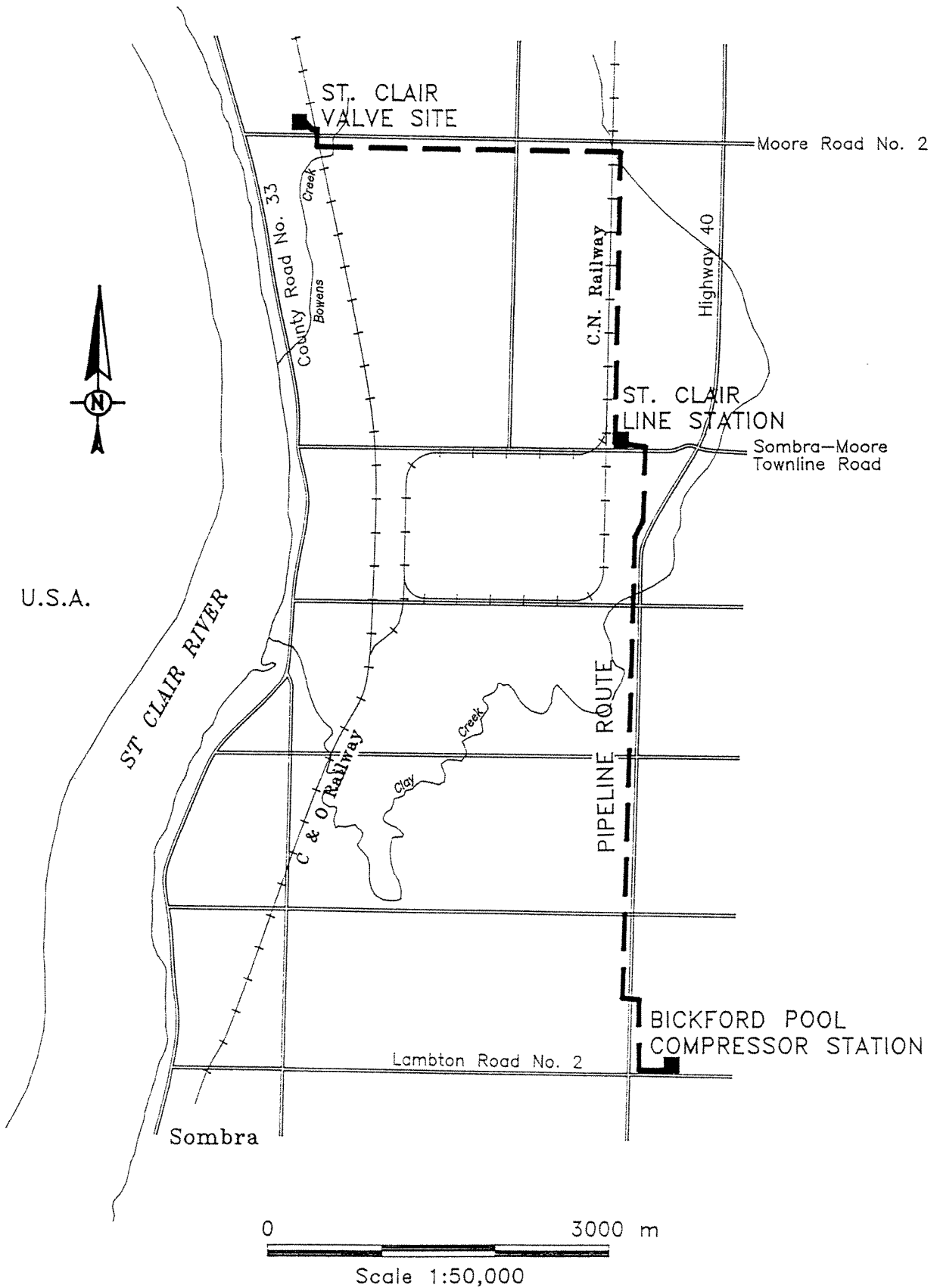
## 1. INTRODUCTION

This Interim Monitoring Report is in partial fulfillment of the Ontario Energy Board Order E.B.L.O. 226/226A granting Union Gas Limited (Union) 'Leave to Construct' approximately 11.49 km of an NPS 24 (610 mm outside diameter) pipeline from the Bickford Pool Compressor Station (Lot 6, Concession 12, Township of Sombra) to the St. Clair Valve Site (Lot 13, Front Concession, Township of Moore) in Lambton County (see Figure 1).

The requirements of this Interim Report were established by the "Conditions of Approval" as outlined in the Order, in particular, Conditions "a", "b", "g" and "h" which state:

- "a) Subject to Condition (b), Union shall comply with all undertakings made by its counsel and witnesses, and shall construct the pipeline and restore the land according to the evidence of its witnesses at the hearing.
- b) Union shall advise the Board's designated representative of any proposed change in construction or restoration procedures and, except in an emergency, Union shall not make any such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board or its designated representative shall be informed forthwith after the fact.
- g) Both during and after the construction, Union shall monitor the effects upon the land and the environment, and shall file ten (10) copies of both an interim and a final monitoring report in writing with the Board. The interim monitoring report shall be filed within three (3) months of the in-service date and the final monitoring report within fifteen (15) months of the in-service date.
- h) The interim report shall describe the implementation of Conditions (a) and (b), if any, and shall include a description of the effects noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the construction upon the land and the environment. This

Figure 1: St. Clair to Bickford Pipeline





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report shall describe any outstanding concerns of landowners."

Accordingly, this report describes:

- ◆ the effects noted during construction;
- ◆ the mitigation measures employed during and after construction; and
- ◆ any outstanding landowner concerns.

This Interim Monitoring Report was prepared by Ecological Services for Planning Limited (ESP). Union retained this firm to prepare this report because ESP prepared the original 'Route Selection and Environmental Impact Assessment' for the St. Clair to Bickford pipeline, and provided an agronomic/environmental inspector during construction.





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## 2. BACKGROUND

Construction of the St. Clair to Bickford pipeline commenced on October 3, 1989 and was completed on November 30, 1989, except for some clean-up. By this time, autumn rains had made the easement unworkable. The remaining clean-up was started on June 4, 1990 and completed on July 13, 1990.

The pipeline was put into service on December 21, 1989.





### 3. CONSTRUCTION EFFECTS AND MITIGATION MEASURES

The following sections identify the major effects noted during construction and the mitigation measures used to minimize impacts to the environment. These are summarized in Table 1.

<b>Table 1: Construction Effects and Mitigation Measures - Bickford to St. Clair Pipeline</b>		
<b>Activity</b>	<b>Potential Construction Effects</b>	<b>Mitigation Measures</b>
Clearing	<p>Fencing was removed</p> <p>Standing agricultural crops were encountered</p> <p>Tree removal was necessary through a number of woodlots</p> <p>Specimen trees were encountered</p>	<p>New posts and page wire were used to replace removed fencing.</p> <p>Farmers were given the opportunity to harvest crops before clearing commenced.</p> <p>The width of the working area within the woodlots was restricted as much as possible.</p> <p>Care was taken to ensure that there was sufficient distance from trees.</p>
Grading	<p>Potential impacts to agricultural land include soil compaction and mixing</p>	<p>Topsoil was stripped to depths of 20 to 30 cm. On all agricultural lands, topsoil was stripped off the entire easement. Topsoil-subsoil piles were separated. Wet soil shutdown policy was in effect throughout the topsoil stripping phase. Relative compaction levels were measured during summer, 1990 clean-up.</p>
Trenching	<p>Cutting of tile drain</p> <p>Watercourse and open drain crossing</p>	<p>Repaired all drains as per Union specifications and inspected by landowner or inspector.</p> <p>Watercourse and open drain banks and bed crossed and stabilized as quickly as possible.</p>
Lowering/ Backfilling	<p>Potential subsidence</p>	<p>Trench crowned 20 to 30 cm.</p>
Clean-up	<p>Potential impacts to conducting clean-up in wet conditions</p> <p>Potential impacts due to soil and subsoil removal and replacement</p>	<p>Subsoil was backbladed with dozer to eliminate ruts. Swales were opened up both across the ROW and at the topsoil piles to permit drainage of surface water. No other clean-up permitted until drier soil conditions encountered.</p> <p>During summer 1990 clean-up, subsoil was chisel ploughed to a depth of 40 cm. Subsoiling may be required where deep soil compaction was identified. Stones larger than fist sized were hand picked. Woodlots and pasture areas were seeded. Steep slopes were bermed and stabilized to prevent erosion. Creek banks were stabilized. Fences were replaced.</p>

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Prior to construction, all directly affected landowners and tenants were contacted by Union inspectors to discuss tile drains, woodlots, water wells, fencing for livestock, and access requirements across the easement. This information was noted and used to ensure that these concerns were addressed during construction.

Due to the potentially adverse construction conditions on clay soils in the autumn, the following construction procedures were adopted.

- ◆ Topsoil was stripped off the entire easement on agricultural fields.
- ◆ Apart from trench backfilling and backblading, clean-up did not commence until the summer of 1990.
- ◆ During the entire construction period on cultivated land, vehicular traffic on the workspace area was minimized and restricted to mainly tracked vehicles. In addition, pipe stringing equipment was confined to the workspace area in the Highway 40 right-of-way (ROW).
- ◆ Prior to winter freeze-up, all drainage tiles cut during trenching operations were repaired to ensure that cultivated fields maintained their drainage integrity. L.C. Mansfield & Son Drainage Ltd. was retained to assist with the drainage tile repair.
- ◆ Breaks in the topsoil piles were left during the winter to facilitate surface water drainage of adjacent farm fields.
- ◆ The landowners and/or tenant farmers were contacted by telephone to be advised of clean-up plans and schedule as well as surface water drainage plans for the winter.

These measures helped minimize potential soil impacts particularly during period of wet soil conditions.



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### 3.1 CLEARING AND FENCING

Approximately four kilometres of fencing was removed along the Highway 40 ROW. Wood posts and metal T-bars were pulled using a rubber-tired backhoe. In addition, ten fences running perpendicular to the pipeline ROW were dismantled and later removed. Once the fences were dismantled, clearing of the vegetation began on October 3, 1989.

Brush was cleared using chainsaws, while the clearing of woodlots also required the use of a backhoe and/or a skidder. Only trees and undergrowth present within the temporary easement were removed. Tree trunks were stripped of leaves and branches, and the remaining logs and large diameter branches were cut into three metre or shorter lengths and placed in orderly piles along the edge of the easement. The remaining branches and leaves were gathered into piles and burnt together with the undergrowth. Tree stumps were excavated and removed (along with the burnt brush) from the easement.

Any standing agricultural vegetation was removed using a farm tractor and crop chopper. Where an agricultural crop was standing, the farmer was given the opportunity to harvest the crop prior to clearing. Along most of the length of the easement the farmers did harvest their crops; a few soybean fields were not harvested because the crop was too green.

### 3.2 TOPSOIL STRIPPING AND GRADING

Topsoil stripping and grading commenced on October 4, 1989. In anticipation of construction during relatively wet conditions, topsoil was removed from the entire easement on all agricultural lands. This practice minimized potential topsoil contamination and mixing due to vehicle and machinery

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traffic. Topsoil was not stripped on the Highway 40 ROW nor in the woodlots or marshy areas.

A grader was used to make the initial cut to remove one blade's width of topsoil. Next, a dozer with an angle blade removed most of the remaining topsoil from the ROW using the initial cut as a guide. This topsoil was pushed into berms with cuts left in the berms at swales or low spots in the topography to avoid surface water ponding. Finally, a grader made a pass to remove any remaining topsoil still on the easement which was missed by the dozer.

### **3.3 PIPELINE TRENCHING**

Pipeline trenching was started on October 23, 1989. A rotary bucket trencher and a hoe were used. The rotary bucket trencher made an initial pass along the entire easement, avoiding the extremely wet areas or uneven topography. The hoe then followed, trenching those areas which were avoided by the rotary bucket trencher and retrenching areas where trench wall collapse occurred. During trenching, 71 tile drains and two subsurface municipal drains were cut. These were subsequently repaired according to Union specifications and inspected, prior to backfilling, by municipal inspectors and/or affected landowners. The landowners were informed about the time of tile drain repairs, but most did not take the opportunity to inspect the repairs before backfilling occurred.

### **3.4. WATER COURSE CROSSINGS**

The pipeline route necessitated the crossing of numerous creeks and agricultural drains. In total, seven open ditch municipal drains and two creeks were crossed. To facilitate the movement of construction vehicles and



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equipment across these water courses, flume pipes were installed to maintain water flow and ramps were constructed above the flume pipes.

### **3.4.1 CLAY CREEK CROSSING**

Trench excavation through Clay Creek started on November 2, 1989. A modified dry crossing procedure was used whereby three flume pipes and a ramp had been installed previously in the creek, only on the workside of the easement, to permit construction vehicle traffic to cross the creek. The short steep slopes at the approaches and banks of Clay Creek were stripped of topsoil, then cut back to facilitate the safe movement of equipment along the easement and reduce pipe bending.

During the actual crossing, a CATERPILLAR 235B hoe trenched towards the creek first from the north side, then from the south side. Since the flume pipes did not cross the entire easement, subsoil dams were built both upstream and downstream of the creek crossing. A six-inch pump was placed in the creek upstream of the crossing in the event that backed up water overflowed the dam into the trench. However, the pump was never used since the water flow rate was so low that water never threatened to overflow the subsoil dam. The pipeline was lowered-in and backfilled with two swamp weights. The subsoil dams were then removed. Water turbidity increased slightly after removal of the subsoil dams. The subsoil ramp and flume pipes were removed on November 16, 1989.

### **3.4.2 BOWENS CREEK CROSSING**

On November 7, 1989, trenching began in Bowens Creek. The dry crossing procedure was used. Despite heavy rains encountered during the previous week, the rate of water flow within the creek was still relatively low. The creek, which was only 30 cm deep, was dammed upstream using subsoil.

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The trench was excavated with a backhoe. When completed, a flume pipe was placed across the trench. The earth dam was then removed and water was permitted to flow through the flume pipe. The pipeline was not lowered-in for another 24 hours due to inclement weather. After the pipe was lowered-in, the area beneath the flume pipe was backfilled five metres on either side. A subsoil dam was placed in front of the flume pipe and the flume pipe was then removed. The creek bottom was recontoured, after which the subsoil dam was removed.

### **3.4.3 MUNICIPAL DRAIN CROSSINGS**

Open ditch municipal drains that were crossed in the Township of Sombra ran parallel to public roads. Since all public roads were bored, municipal drains and bar ditches were not affected.

In the Township of Moore, Government Drain No. 10 open ditch municipal drain (headwaters of Clay Creek) was crossed twice. These two crossings occurred on either side of the 90 degree turn taken by the pipeline just south of Moore Road No. 2 (Figure 1). This municipal drain does not parallel any public roads. To cross this open drain, a CATERPILLAR 235B hoe was used in the trenching operation. The rate of water flow in this municipal drain was so low that only a subsoil dam was required to stop the flow of water during trenching, lowering-in and backfilling.

## **3.5 LOWERING-IN AND BACKFILL**

Lowering-in and backfilling commenced during the last week of October 1989.

Backfilling along the entire easement was accomplished using dozers and backhoes. A rough crown of approximately 30 cm was established over the trench using a dozer. Since the replacement of topsoil would be delayed until the spring of 1990, the easement was only rough-graded with a dozer.



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Channels were left through the easement to facilitate surface water drainage.

At the two Ontario Hydro corridor crossings near Moore Road No. 2, concrete was also placed over the pipe at the direction of Ontario Hydro. The trench was backfilled until 40 to 60 cm of clay backfill was placed over the pipe. The concrete was placed over the entire width of the Hydro easement. Another 30 cm of clay backfill was placed over the patio stones before the placement of Union terra-tape. A dozer was used to backfill the remaining subsoil.

At the TransCanada PipeLine (TCPL) crossing, between Sombra-Moore Townline and Moore Road No. 2, 30 cm of local clay backfill was placed directly over the pipeline. Terra-tape then covered the pipeline for the entire width of the TCPL easement before backfilling with subsoil.

### **3.6 HYDROSTATIC TESTING**

The entire pipeline was hydrostatically tested on November 14, 1989. Water was obtained from the St. Clair River for the test. The Ontario Ministry of the Environment (MOE) issued "Permits to Take Water".

After testing was completed, the water was pumped out through a 20 cm pipe and a "frog's foot" water energy dissipating device onto filter cloth and through straw bails. The water was then directed through a culvert beneath County Road 33. At the culvert discharge end, the water flowed over wooded skids before returning to the St. Clair River.

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### 3.7 PRESERVATION OF SPECIFIC TREES

Although no trees were initially identified for preservation along the easement, the width of the easement through the woodlots was kept to a minimum. When the easement paralleled an existing hedgerow, the cutting of trees was avoided, but overhanging limbs were removed. Along Moore Road No. 2, all trees along the road allowance were saved. At one location along this road, a large white oak was found to be adjacent to the trench. The soil was trenched beside the tree and a hole was punched below the root system so that the pipe could slide through.

Further along this road, two specimen trees were identified. Both were the Osage-orange (*Maclura pomifera* (Raf.) Schneid.) belonging to the mulberry family. The limbs overhanging the trench area and easement were cut back. However, since the trees themselves were on the Moore Road No. 2 road allowance, no damage to the tree trunks from construction pipeline equipment was expected and none occurred. After rough grading was completed, these two trees were inspected to ensure that all cut limbs were sprayed with pruning paint. The trunk and root systems showed no damage.

### 3.8 WATER WELLS

Two drilled water wells were found within 30 m of the pipeline. Both wells were abandoned. The first water well, located west of the Bickford/Sombra Compressor Station, was drilled in the early 1900's and was connected to a windmill. The windmill has since been removed and the well has been disconnected for at least five years. The second well was located at an abandoned farmhouse at the northwest corner of Sombra Road 13 and Highway 40. This well was drilled in the 1930's but has not been used in



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the last four years. Since these wells were abandoned, no monitoring was carried out.

All currently occupied residences near the pipeline do not use well water. They are either serviced by a municipal water supply or have water trucked in.

### **3.9 CLEAN-UP**

Clean-up activities commenced on November 15, 1989. From the start of clean-up operations, it was realized that the majority of site restoration would have to be completed in the summer of 1990. The primary objective of the fall clean-up was to prepare the easement for winter shut-down. The entire easement was backbladed to facilitate surface water drainage. Topsoil berms were re-examined to ensure that surface water flow was not impeded. Any low spots detected during the survey were opened to release backed-up water. All ramps and flume pipes were removed so that no water back-up or ponding would occur in the municipal drains. Temporary pipeline markers were placed at the road crossings and other critical areas to identify the presence of the pipeline. Temporary safety fencing was placed across the easement at all railway crossings. All page wire fencing was removed along with most of the fence posts. Limbed branches and brush were burnt and all rubbish removed. All of the original culverts were re-examined and unplugged if required. Photo 7 shows a section of the easement prepared for winter shut-down.

Final clean-up commenced on June 4, 1990 as soon as conditions permitted (ie. dry easement). At that time final grading of subsoil, chisel ploughing and topsoil replacement was carried out. Clean-up was started with the easement being checked for any areas of standing water. These areas were pumped and allowed to dry.

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Any large stones or boulders left at the edge of the easement were also removed.

Once this material was removed, the subsoil was graded and the trench area was slightly crowned (10 to 15 cm).

The subsoil was then tested with a Troxler Moisture-Density gauge to determine if subsurface soil compaction had taken place (Appendix B). The tests were conducted from mid to late June, 1990. These tests (Figure 2, Appendix B) were taken both on the work space (where most of the vehicular movement occurred) and one meter off easement behind the topsoil piles where no disturbance occurred (control sample). The tests were taken at two depth ranges: i) 20 to 40 cm depth (immediately below the topsoil); and ii) 40 to 60 cm depth. The testing procedure was varied along Highway 40 where the highway ROW was used as the workspace (test sites 17 to 30). Since the Highway 40 ROW is not going to be put into agricultural production, the subsoil storage space was tested. The control test sites remained off easement.

The soil compaction at the 20 to 40 cm depth range has since been alleviated by deep chisel plowing. The chisel plow penetrated to a maximum depth of 40 cm. The chisel plowing operation, however, would not alleviate the compaction found at the 40 to 60 cm soil depth range.

After reviewing the soil compaction data at the 40 to 60 cm soil depth range, it was decided that deep subsoiling (to a depth of 60 cm) would be required on the agricultural lands between Moore Road No. 2 and Sombra-Moore Townline Road and the agricultural lands on the south side of Moore Road No. 2 on Front Concession, Lot 12 in the Township of Moore west of the Chesapeake and Ohio Railway Line.



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On the stretch between Moore Road No. 2 and Sombra-Moore Townline Road, soil bulk density was measured to be as much as 15% higher on the work side than on the control area. Also, on the Lot 12 section in the Township of Moore on the south side of Moore Road No. 2, soil bulk density on the work side was measured to be 7 to 10% higher than on the control area.

The soil bulk density readings on areas that do not require subsoiling either showed no difference or were only a few percent higher on the easement when compared with the control area.

As previously mentioned, only two stretches require deep subsoiling. Subsoiling should only take place when soil conditions are sufficiently dry that the soil at lower depths (60 cm) can be shattered. Subsoiling operations must be undertaken under appropriate soil moisture conditions to be effective and to prevent further soil structure deterioration. Shortly after subsoiling is completed, a deep rooted legume crop, such as alfalfa, should be encouraged to grow so that the soil fissures will remain open and not collapse upon themselves.

The subsoil was then chisel ploughed several times to a depth of 40 cm. The easement was ploughed in an "S" pattern during the first pass with the chisel plough (Photo 1). During subsequent passes, the chisel plough travelled up and down the easement. This pattern of ploughing permitted more shattering of the subsoil. Any debris and stones, fist-sized or larger, brought to the surface were hand picked and removed. Once the easement was free of stones and debris, it was graded again in preparation for the replacement of topsoil. Topsoil was pulled from the stockpile at the edge of the easement using mainly a CATERPILLAR 235 hoe and at times a D6

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wide-pad dozer. Along the section where the easement parallels the CNR railway, a CATERPILLAR 235 hoe was used exclusively. The D6 dozer was used to spread the topsoil (Photo 2). After the topsoil was pulled, spread and backbladed, a JOHN DEERE 450 wide-pad dozer was used to level the topsoil leaving a 10 to 15 cm crown over the trench area. Once this has been completed, the topsoil was disced and all remaining debris removed.

Clay Creek and Bowens Creek were checked to ensure that the stream bottom and banks had been properly stabilized. The stream bottom and banks were re-shaped (Photo 3), as required, with a CATERPILLAR 235 hoe. The banks were covered with topsoil and then seeded and fertilized. To reduce the risk of erosion, erosion control matting (Hold Gro) was used to stabilize the banks of Clay Creek.

Erosion control matting (Hold Gro) was also used to stabilize the short (8 m) slope found south of swampy woodlot located at Lot 5, Concession 14, in the Township of Sombra. This slope was fertilized and seeded before the erosion control matting was applied to the land surface.

Along the Highway 40 road allowance, woodlots, idle lands, ditch banks, stream banks and floodplains, the lands were fertilized (Photo 4) and seeded (Photo 5) according to Union Construction Specifications. These fertilized and seeded areas were then cultivated with "dog's tooth" harrows to lightly cover the seed. Areas previously under agricultural production were left for the farmers to incorporate into their regular operations.

The fences which were damaged or removed along the easement were replaced with new material. The fencing along the Moore Road No. 2 allowance was not replaced. Most of this fencing had not been damaged, while the



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sections that had been damaged were previously in very poor condition and not worth replacing.

The road shoulder on the south side of Lambton Road 2 at the Lajoie residence (across from the Bickford Pool Compressor Station) was rutted by parked construction equipment. The ruts were leveled and filled in with a CATERPILLAR road grader.

All municipal drains and bar ditches that were crossed were checked. As previously stated, the municipal drains and bar ditches crossed in the Township of Sombra were bored and as such had minimal disturbance. Only flume pipes and subsoil ramps had to be removed in the autumn of 1989. Fertilizing and re-seeding along with some minor reshaping of the banks was the only remedial measures required in the spring of 1990.

In the Township of Moore, the only municipal drain that was disturbed was Government Drain No. 10 (headwaters of Clay Creek). As previously stated, this municipal drain was crossed twice. The flume pipes and subsoil ramps had to be removed in the autumn of 1989. The banks and bottom of the municipal drain were also shaped at this time. Final reshaping of the banks and bottom of the municipal drain was required in the spring of 1990. The spreading of some topsoil along with fertilizing and re-seeding of the banks was also performed at this time. To stabilize the disturbed banks of the municipal drain, erosion control matting (Hold Gro) was also used (Photo 6).

A tile drainage consultant was retained by Union Gas to review the repair of tile drains and to respond to landowner concerns with respect to the drainage of their lands.

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A site visit in October, 1990 demonstrated that germination of the seeded areas was very successful.

### 3.10 LANDOWNER CONCERNS

Prior to the start-up of clean-up in the spring of 1990, the landowners and tenant farmers were contacted by telephone to be advised that the final clean-up would be starting in early June 1990. At this point, they were able to voice any concerns they had because of the construction of the pipeline and subsequent clean-up. Most of the landowner/tenant farmer concerns have been addressed.

There are only two outstanding tenant farmer concerns. They are as follows:

- ♦ Mr Ron Kerr, tenant farmer on Lot 26, Concession 2, Township of Moore, was concerned about compaction and drainage tile damage along the easement. The drainage consultant has been requested by Union to investigate the problem, and a header tile will be installed in the autumn of 1990.
- ♦ Mr. Don Rankin, tenant farmer on Lot 26, Concession 1, Township of Moore, was concerned about drainage tile damage along the easement. He claimed that tile have been damaged and off easement lands are not draining properly. The drainage consultant had been requested by Union to investigate the problem and as a result, drainage tile has been replaced in August, 1990 to Mr. Rankin's satisfaction.



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#### 4. SUMMARY

Mitigation measures recommended in the Union Gas General Specifications and the Environmental Impact Assessment report were successful in minimizing the effects of construction on the environment. The condition of the pipeline route and the effectiveness of the mitigation measures will again be assessed in the spring of 1991.



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# APPENDIX A

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Photos



*Photo 1: Chisel ploughing of easement. Note the "S" shape of initial ploughing pattern.*



*Photo 2: Hoe pulling topsoil and D6 dozer spreading topsoil.*



*Photo 3: Clay Creek banks and bottom being restored to final shape by CATERPILLAR hoe in June, 1990.*



*Photo 4: Bulk fertilizer being spread on the MTO Highway 40 right-of-way.*



*Photo 5: Non-agricultural area being seeded and lightly cultivated with "dog's tooth" harrows.*



*Photo 6: Erosion control matting used to stabilize banks of municipal drains.*



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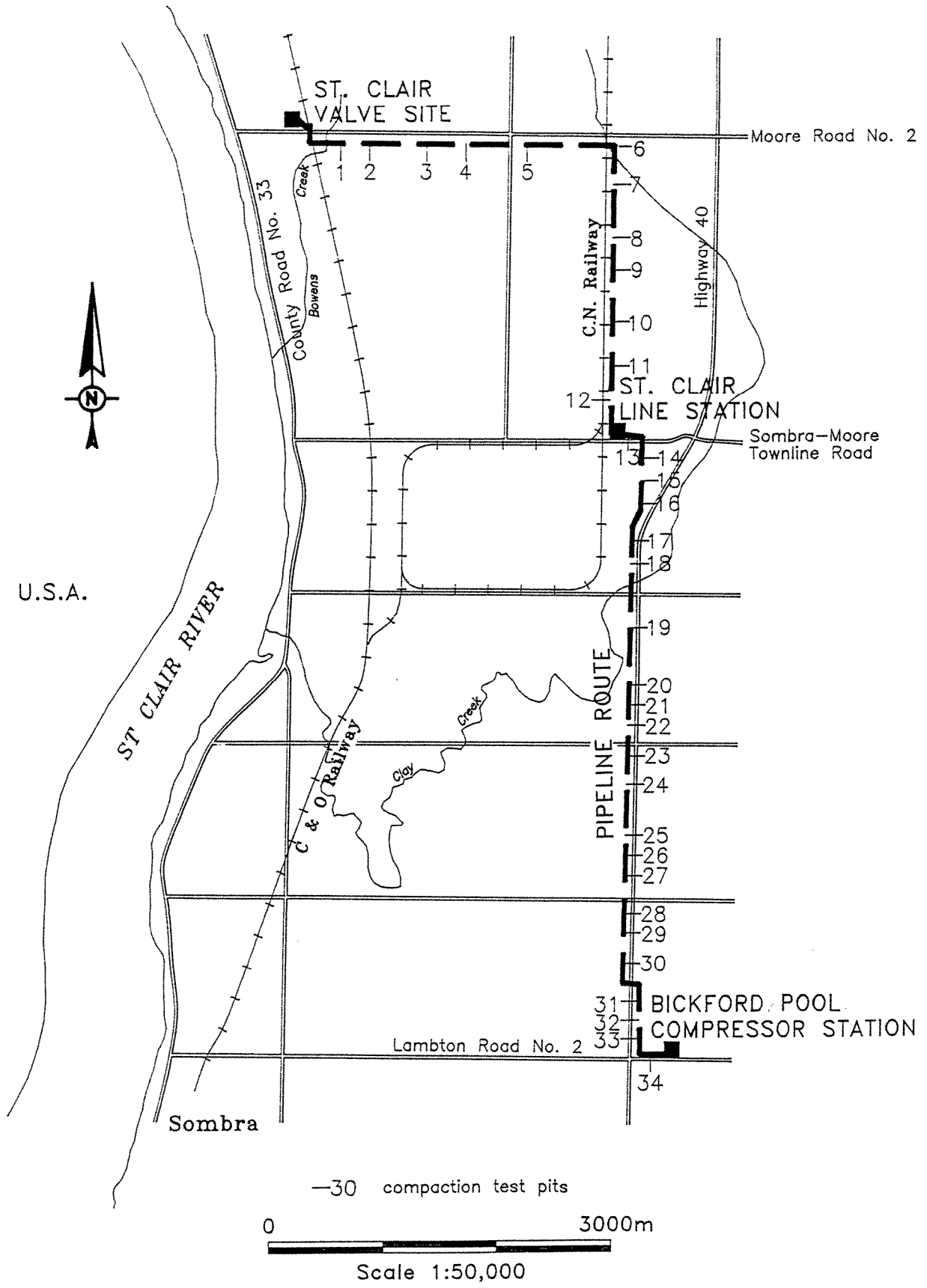
# APPENDIX B

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## Soil Compaction Test Results



### Figure 2: St. Clair to Bickford Pipeline Location of Compaction Test Pits





**St. Clair to Bickford Pipeline**

<b>SOIL COMPACTION TEST RESULTS</b>					
<b>Location</b>	<b>Depth (cm)</b>	<b>Date Sampled</b>	<b>% Moisture</b>	<b>Bulk Density (g/cc)</b>	<b>% Increase in Bulk Density</b>
1A	20-40	11.06.90	12.9	1.665	
1B	20-40	11.06.90	18.6	1.670	- 0.3
1A	40-60	11.06.90	16.7	1.705	
1B	40-60	11.06.90	25.1	1.590	7.2
2A	20-40	11.06.90	12.6	1.750	
2B	20-40	11.06.90	12.9	1.710	2.3
2A	40-60	11.06.90	14.5	1.730	
2B	40-60	11.06.90	23.2	1.615	7.1
3A	20-40	11.06.90	13.7	1.750	
3B	20-40	11.06.90	22.2	1.620	8.0
3A	40-60	11.06.90	16.3	1.805	
3B	40-60	11.06.90	22.7	1.630	10.7
4A	20-40	11.06.90	17.6	1.565	
4B	20-40	11.06.90	21.7	1.570	- 0.3
4A	40-60	11.06.90	21.0	1.595	
4B	40-60	11.06.90	24.0	1.570	- 3.0
5A	20-40	11.06.90	14.7	1.700	
5B	20-40	11.06.90	19.6	1.605	5.9
5A	40-60	11.06.90	21.4	1.655	
5B	40-60	11.06.90	22.9	1.660	- 0.3
6A	20-40	15.06.90	16.9	1.480	
6B	20-40	15.06.90	25.9	1.430	3.5
6A	40-60	15.06.90	44.0	1.330	
6B	40-60	15.06.90	31.9	1.440	- 7.6
7A	20-40	15.06.90	18.9	1.405	
7B	20-40	15.06.90	32.8	1.310	7.3
7A	40-60	15.06.90	39.9	1.315	
7B	40-60	15.06.90	48.9	1.195	10.0



Location	Depth (cm)	Date Sampled	% Moisture	Bulk Density (g/cc)	% Increase in Bulk Density
8A	20-40	15.06.90	20.7	1.475	6.1
8B	20-40	15.06.90	23.7	1.390	
8A	40-60	15.06.90	45.0	1.310	- 3.0
8B	40-60	15.06.90	40.0	1.350	
9A	20-40	15.06.90	13.7	1.715	21.2
9B	20-40	15.06.90	30.7	1.415	
9A	40-60	15.06.90	26.5	1.605	5.6
9B	40-60	15.06.90	25.0	1.520	
10A	20-40	15.06.90	20.0	1.550	6.2
10B	20-40	15.06.90	30.1	1.460	
10A	40-60	15.06.90	28.8	1.475	11.3
10B	40-60	15.06.90	43.3	1.325	
11A	20-40	15.06.90	15.1	1.590	13.6
11B	20-40	15.06.90	26.4	1.400	
11A	40-60	15.06.90	34.6	1.285	2.0
11B	40-60	15.06.90	40.4	1.260	
12A	20-40	15.06.90	21.1	1.520	4.8
12B	20-40	15.06.90	24.1	1.450	
12A	40-60	15.06.90	30.5	1.425	12.6
12B	40-60	15.06.90	39.9	1.265	
13A	20-40	15.06.90	14.9	1.680	7.0
13B	20-40	15.06.90	19.7	1.570	
13A	40-60	15.06.90	28.4	1.460	15.9
13B	40-60	15.06.90	51.6	1.260	
14A	20-40	19.06.90	15.4	1.750	- 2.5
14B	20-40	19.06.90	6.9	1.795	
14A	40-60	19.06.90	27.1	1.495	- 19.2
14B	40-60	19.06.90	13.0	1.850	
15A	20-40	19.06.90	13.7	1.715	7.5
15B	20-40	19.06.90	17.9	1.595	
15A	40-60	19.06.90	18.9	1.665	- 7.2
15B	40-60	19.06.90	10.9	1.795	



Location	Depth (cm)	Date Sampled	% Moisture	Bulk Density (g/cc)	% Increase in Bulk Density
16A	20-40	19.06.90	14.5	1.625	
16B	20-40	19.06.90	16.1	1.585	2.5
16A	40-60	19.06.90	16.8	1.695	
16B	40-60	19.06.90	6.8	1.900	- 10.8
17A	20-40	19.06.90	13.4	1.570	
17B	20-40	19.06.90	26.2	1.545	1.6
17A	40-60	19.06.90	18.3	1.665	
17B	40-60	19.06.90	14.3	1.645	1.2
18A	20-40	19.06.90	13.5	1.595	
18B	20-40	19.06.90	12.8	1.295	23.2
18A	40-60	19.06.90	19.0	1.605	
18B	40-60	19.06.90	15.3	1.605	0.0
19A	20-40	19.06.90	13.6	1.690	
19B	20-40	19.06.90	13.8	1.625	4.0
19A	40-60	19.06.90	15.2	1.650	
19B	40-60	19.06.90	15.3	1.735	- 4.9
20A	20-40	20.06.90	11.8	1.700	
20B	20-40	20.06.90	16.6	1.630	4.3
20A	40-60	20.06.90	14.1	1.630	
20B	40-60	20.06.90	12.2	1.800	- 9.4
21A	20-40	20.06.90	12.1	1.730	
21B	20-40	20.06.90	15.6	1.730	0.0
21A	40-60	20.06.90	27.8	1.525	
21B	40-60	20.06.90	13.1	1.795	- 15.0
22A	20-40	20.06.90	13.0	1.690	
22B	20-40	20.06.90	19.7	1.670	1.2
22A	40-60	20.06.90	16.7	1.765	
22B	40-60	20.06.90	12.3	1.790	- 1.4
23A	20-40	20.06.90	13.4	1.720	
23B	20-40	20.06.90	32.8	1.340	28.4
23A	40-60	20.06.90	20.7	1.690	
23B	40-60	20.06.90	18.0	1.635	3.4



Location	Depth (cm)	Date Sampled	% Moisture	Bulk Density (g/cc)	% Increase in Bulk Density
24A	20-40	20.06.90	14.1	1.630	
24B	20-40	20.06.90	23.4	1.605	1.6
24A	40-60	20.06.90	16.3	1.780	
24B	40-60	20.06.90	19.1	1.870	- 4.8
25A	20-40	26.06.90	14.3	1.610	
25B	20-40	26.06.90	7.6	1.710	- 5.8
25A	40-60	26.06.90	7.7	1.940	
25B	40-60	26.06.90	8.3	1.755	10.5
26A	20-40	26.06.90	25.3	1.405	
26B	20-40	26.06.90	25.1	1.335	5.2
26A	40-60	26.06.90	21.5	1.465	
26B	40-60	26.06.90	13.0	1.620	- 9.6
27A	20-40	26.06.90	23.6	1.505	
27B	20-40	26.06.90	18.4	1.520	- 1.0
27A	40-60	26.06.90	17.9	1.620	
27B	40-60	26.06.90	14.7	1.465	10.6
28A	20-40	26.06.90	18.5	1.620	
28B	20-40	26.06.90	16.3	1.720	- 5.8
28A	40-60	26.06.90	19.4	1.800	
28B	40-60	26.06.90	10.2	1.905	- 5.5
29A	20-40	26.06.90	25.1	1.455	
29B	20-40	26.06.90	17.6	1.445	0.7
29A	40-60	26.06.90	12.2	1.675	
29B	40-60	26.06.90	14.1	1.595	5.0
30A	20-40	26.06.90	16.3	1.600	
30B	20-40	26.06.90	16.2	1.695	- 5.6
30A	40-60	26.06.90	7.9	1.910	
30B	40-60	26.06.90	10.0	1.900	0.5
31A	20-40	26.06.90	14.7	1.595	
31B	20-40	26.06.90	8.7	1.665	- 4.2
31A	40-60	26.06.90	15.2	1.710	
31B	40-60	26.06.90	6.3	1.760	- 2.8



Location	Depth (cm)	Date Sampled	% Moisture	Bulk Density (g/cc)	% Increase in Bulk Density
32A	20-40	26.06.90	19.5	1.765	11.4
32B	20-40	26.06.90	19.9	1.585	
32A	40-60	26.06.90	11.7	1.620	- 4.1
32B	40-60	26.06.90	15.4	1.690	
33A	20-40	26.06.90	16.9	1.540	1.0
33B	20-40	26.06.90	17.4	1.525	
33A	40-60	26.06.90	20.5	1.585	- 6.8
33B	40-60	26.06.90	11.2	1.700	
34A	20-40	26.06.90	15.0	1.565	- 0.6
34B	20-40	26.06.90	14.9	1.575	
34A	40-60	26.06.90	13.6	1.725	8.2
34B	40-60	26.06.90	14.1	1.595	

# **FINAL POST MONITORING REPORT**

## **NPS 24 ST. CLAIR TO BICKFORD PIPELINE**

**Prepared By: Union Gas Limited**

**October 1992**

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Final Post Monitoring Report  
NPS 24 St. Clair to Bickford Pipeline

INTRODUCTION

This Final Post Monitoring Report is in partial fulfillment of the Ontario Energy Board Order E.B.L.O. 226/226A granting Union Gas Limited (Union) "Leave to Construct" approximately 11.5 kilometres of NPS 24 (610 mm outside diameter) pipeline from the Bickford Pool Compressor Station (Lot 6, Concession XII, Township of Sombra) to the St. Clair Valve site (Lot 13, Front Concession, Township of Moore) both in Lambton County (see Figure 1).

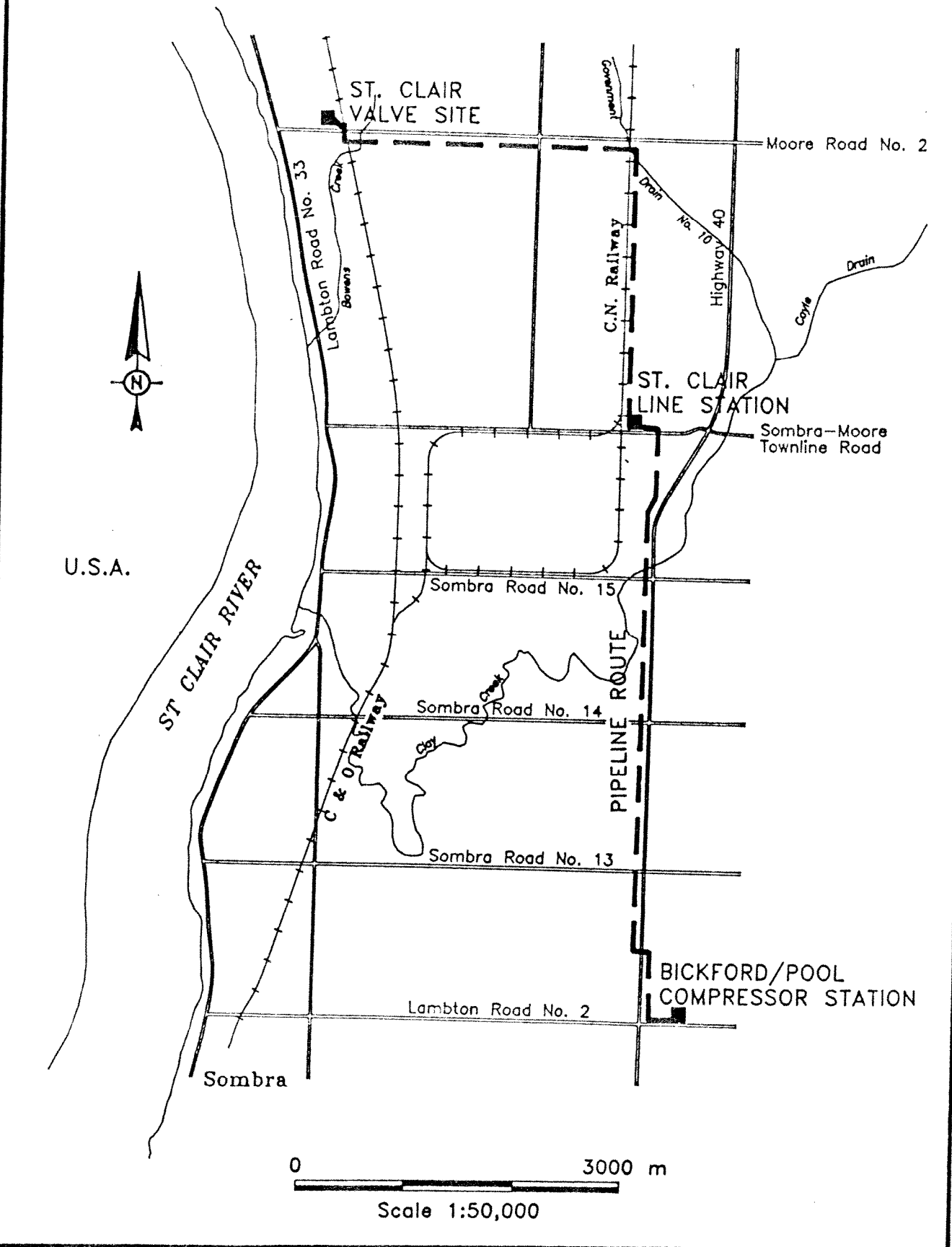
The requirements of this report are established by "Conditions of Approval" as outlined in the Order, in particular, conditions g) and i).

- "g) Both during and after construction, Union shall monitor the effects upon the land and the environment, and shall file ten copies of both an interim and a final monitoring report in writing with the Board. The interim monitoring report shall be filed within three months of the in-service date and the final monitoring report within fifteen months of the in-service date.
- i) The final monitoring report shall describe the condition of the rehabilitated right-of-way and actions taken subsequent to the interim report. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Further, the final report shall include a breakdown of external costs incurred to date for the authorized project with items of cost associated with particular environmental measures delineated and identified as pre-construction related, construction related and restoration related. Any deficiency in compliance with undertakings shall be delineated and explained."

Accordingly, the purpose of this report is to:

- i) describe the condition of the right-of-way;
- ii) outline actions taken subsequent to the interim report;
- iii) outline the results and analysis of any monitoring programs; and
- iv) outline the environmental protection costs associated with this project; and
- v) outline any non-compliance with undertakings.

# St. Clair to Bickford Pipeline



**Final Post Monitoring Report  
NPS 24 St. Clair to Bickford Pipeline**

**BACKGROUND**

Construction of the St. Clair to Bickford pipeline commenced on October 3, 1989 and was completed on November 30, 1989, except for some clean-up. The pipeline was put into service on December 21, 1989. The remainder of the clean-up was extended from early June to mid-July of 1990 and from mid-May to mid-August of 1991. The Interim Monitoring Report for this project was forwarded to the Board in January 1991.

**CONDITION OF RIGHT-OF-WAY**

The pipeline right-of-way was reviewed by Union personnel in the fall of 1991. This review was undertaken after final clean-up during the summer of 1991. From this review, restoration and rehabilitation measures are acknowledged as having been completed. Watercourse banks appear stable and vegetated and no subsidence over the trench is evident. Because of the clean-up operations, most of the agricultural fields along the right-of-way were unseeded, except a few which had been planted in winter wheat and clover. It is anticipated that all agricultural properties will again be put into regular rotational crops during the 1993 growing season. All non-agricultural land was seeded with a grass mixture in 1990-91.

Each landowner and/or tenant was offered Union's cover crop program for their fields over the easement. This program is offered and paid for by Union and entails planting of a legume cover crop (clover or alfalfa) on the easement for purposes of soil rehabilitation. Currently, no landowners are participating in this program.

**ACTIONS TAKEN SUBSEQUENT TO INTERIM REPORT**

A number of actions relating to restoration of lands along the right-of-way occurred subsequent to the filing of the Interim Monitoring Report. These activities are outlined in Table I and were undertaken during the summer of 1991.

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Table 1.

<b>Agricultural Land</b>	- agricultural land chisel ploughed and disced - compaction measurements taken (see monitoring section of this report)
<b>Tiles</b>	- header tile installed in some areas parallel to the pipeline (see Appendix "A")
<b>Fences</b>	- fences repaired
<b>Other Lands</b>	- where required, non-agricultural land was disced, chisel ploughed and seeded

To address landowner concerns, the following actions were also undertaken. Mr. Ron Kerr (tenant farmer) was concerned about compaction, drainage and tile damage on the property that he leases (Lot 26, Concession II, Township of Moore). Todgham and Case Associates Inc., a drainage consultant, was hired by Union to review tile damage and oversee the installation of a systematic tile system. This tile was installed in the summer of 1991. Compaction and drainage concerns were assessed by a compaction survey. Data from the survey demonstrated that compaction on the property was minimal and that no long term effects are anticipated.

Mr. Rankin (tenant on property in Lot 26, Concession I, Township of Moore) was concerned about drainage and tile damage along the easement. Todgham and Case again reviewed the property and under their direction a systematic drainage tile system was installed in the summer of 1991.

MONITORING PROGRAMS

Two monitoring programs were initiated in conjunction with the construction of the pipeline. The first was a soil compaction program used to assess the extent of soil compaction. The second program was a crop monitoring program used to assess the effects of construction on agricultural crop productivity.

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Dominion Soils was commissioned to conduct compaction tests along the easement. These tests were used to guide the depth and location of subsoiling. Compaction tests were done in 1990 and again in 1991. The results for both years are found in Appendix "A".

A crop monitoring program was initiated in late summer, 1992. The program was developed and implemented by Gore and Storrie Limited of Cambridge, Ontario. Relative crop yields on and off easement were determined to assess differences in productivity due to construction. Results of the program will be available in late November, 1992.

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**ENVIRONMENTAL PROTECTION COSTS**

Table 2 outlines the estimated and actual costs associated with environmental protection for this pipeline.

**TABLE 2**  
**Environmental Protection Costs for the St. Clair to Bickford Pipeline**

	<u>ESTIMATED</u>	<u>ACTUAL</u>
<b><u>Preconstruction</u></b>		
Environmental Study and Mapping	\$ 24,000.	\$ 27,185.37
<b>Total Preconstruction</b>	<b>\$ 24,000.</b>	<b>\$ 27,185.37</b>
<b><u>Construction</u></b>		
Topsoil Stripping	\$ 28,000.	\$ 47,625.00
Wet Weather Shutdown	71,000.	71,032.89
Dust Control	11,000.	0.00
Stream Crossings	10,000.	10,000.00 ***
Environmental Monitoring	13,000.	65,896.10
<b>Total Construction</b>	<b>\$133,000.</b>	<b>\$194,553.99</b>
<b><u>Restoration</u></b>		
Topsoil Replacement	\$ 28,000.	\$ 47,625.00
Stone Picking and Trench Redress the Year Following Construction	21,000.	4,392.50
Erosion Control	9,000.	9,000.00 ***
Reforestation	4,000.	0.00
<b>Total Restoration</b>	<b>\$ 62,000.</b>	<b>\$ 61,017.50</b>
<b><u>TOTAL ENVIRONMENTAL COSTS</u></b>	<b><u>\$219,000.</u></b>	<b><u>\$282,756.86</u></b>

\*\*\* Estimated - these costs are included in the Contractor's lay price.

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**NON COMPLIANCE WITH UNDERTAKINGS**

The following lists and explains areas of non-compliance with measures or recommendations outlined in the environmental assessment report for the project.

- 1) The pipeline crossing of Highway 40 was constructed approximately 300 metres north of its original location (corner of County Road 2 and Highway 40) as shown in the environmental report so as to maximize the extent of the pipeline on Union's property as opposed to private property. In this way, effects to private properties was reduced.
- 2) The crossing of Clay Creek was undertaken outside the "crossing window" outlined in the environmental assessment report because of construction delays. The creek was crossed approximately three weeks after the window. The district MNR was notified of this occurrence.
- 3) Due to project delays, construction extended into the fall. In anticipation of wetter soil conditions, the easement on cultivated areas was totally stripped of topsoil as opposed to topsoil stripping on the trench portion of the easement as recommended in the environmental assessment report. Total stripping was undertaken to minimize the effects of construction on the soil.

**SUMMARY**

As per Board Order E.B.L.O. 226/226A, this report has been prepared to describe the condition of the St. Clair to Bickford pipeline easement and outline restoration measures undertaken subsequent to the Interim Monitoring Report. From the fall 1991 review of the easement, it appeared that the areas along the pipeline were restored to as near previous condition as possible.

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NPS 24 St. Clair to Bickford Pipeline**

**APPENDIX "A"**

**Tiles Installed**

NPS 24 ST. CLAIR TO BICKFORD PIPELINE - HEADER TILE INSTALLED (SUMMER 1991)

Landowner (file no.)	Lot	Conc.	Twp	Chainage		Plastic tile installed				Tie-ins (connections)	Over Crosses	Caps (Closed Off)	Blind inlets, gravel inlets (number)
						Perforated		Non-perforated					
						I.d. (cm)	length (m)	I.d. (cm)	length (m)				
From	To												
Union Gas 1-84-6-01	6	12	Sombra	0+000	0+866		none		none				
MTO - HWY 40			Sombra	0+866	0+957		none		none				
MTO 1-84-6-02	5	12	Sombra	0+957	0+984		none		none				
BROAD, Melvin John 1-84-6-03	5	12	Sombra	0+984	1+660	10 10	435 214			2 @ 15 PT			
Sombra Rd # 13			Sombra	1+660	1+680		none		none				
BABCOCK, Cheryl WARD, Joan 1-84-6-04	5	13	Sombra	1+680	2+352	10	546	10	3		2 @ 15 CT		
MOFFAT, Arthur 1-84-6-05	5	13	Sombra	2+352	3+025	10 15	318 60			2 @ 10 CT 3 @ 15 CT		3 @ 10 PT 2 @ 15 CT	
Sombra Rd # 14			Sombra	3+025	3+045		none		none				
C.N. Railway Company 1-84-6-06	5	14	Sombra	3+045	3+724	10 10 10	249 290 106	10	3				2
ICI 1-84-6-07	5	14	Sombra	3+724	4+401								
Sombra Rd # 15			Sombra	4+401	4+421		none		none				
ICI 1-84-6-07	5	15	Sombra	4+421	5+748	10	91	10	6				
Moore-Sombra Townline				5+748	5+774		none		none				
ICI 1-84-6-08	26	1	Moore	5+774	7+274	10 10 10 10 10 10 10 10 10 10 15 15	12 20 115 494 488 483 221 221 221 142 142 142 9 16.5	10 10 10 10	3 3 3 3	5 @ 15 PT	1 @ 15 CT 1 @ 10 CT	6 @ 10 CT 1 @ 10 PT	2

**NPS 24 ST. CLAIR TO BICKFORD PIPELINE - HEADER TILE INSTALLED (SUMMER 1991)**

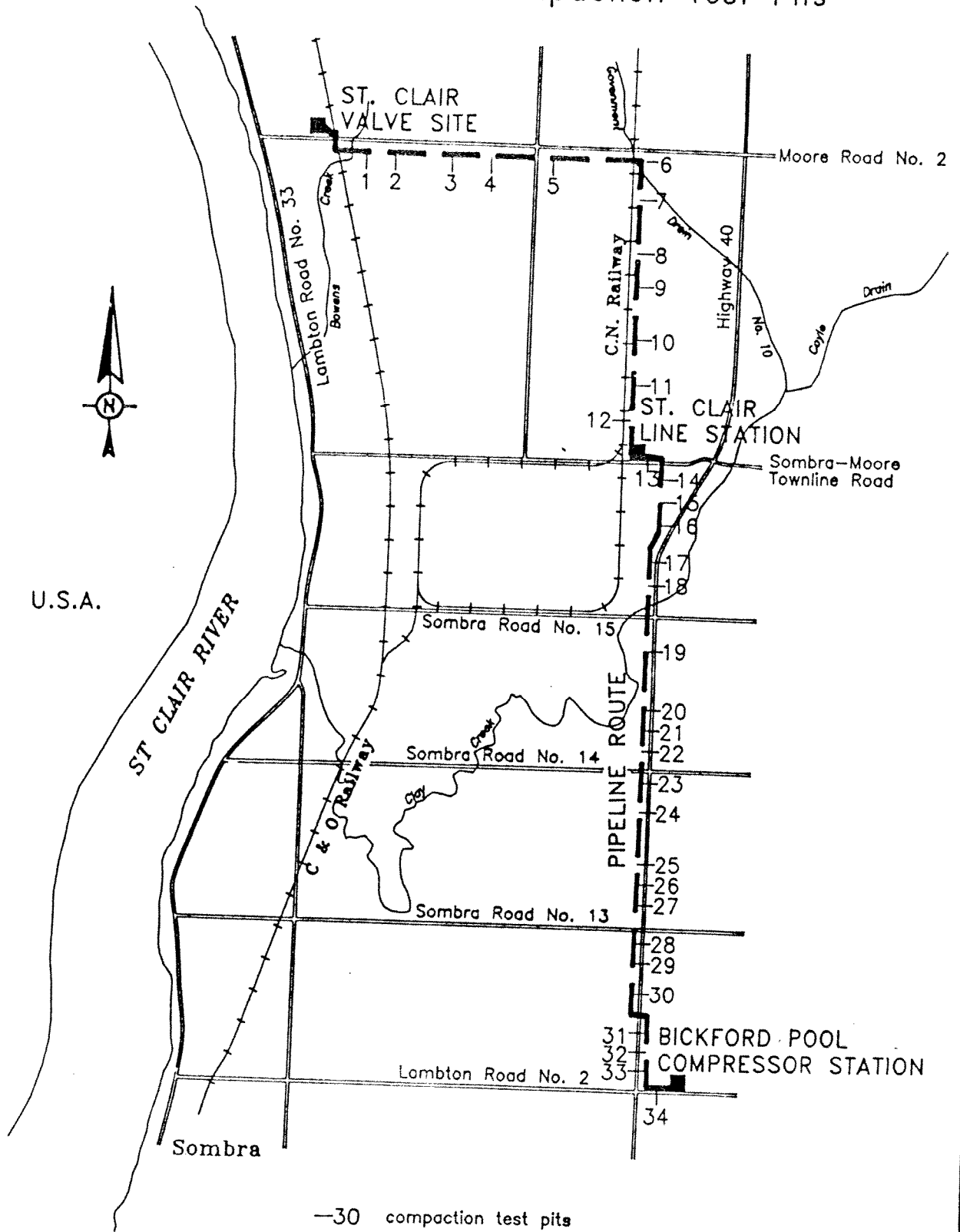
Landowner (file no.)	Lot	Conc.	Twp	Chainage		Plastic tile installed				Tie-ins (connections)	Over Crosses	Caps (Closed Off)	Blind Inlets gravel inlets (number)
						Perforated		Non-perforated					
				From	To	I.d. (cm)	length (m)	I.d. (cm)	length (m)				
C.N. Realties Ltd. 1-84-6-09	26	2	Moore	7+274	8+635	10	246	10	6				5
						10	201	10	6				
						10	200	10	6				
						10	84	10	6				
						10	190	10	6				
						10	172	10	6				
						10	127	10	6				
						10	84						
						10	20						
						10	131						
						10	115						
						10	59						
						10	165						
						10	183						
						10	202						
						10	74						
						10	89						
						10	109						
						10	87						
						10	138						
10	120												
10	103												
10	187												
10	90												
10	141												
10	52												
15	559												
15	117												
C.N.R. Railway	26	2	Moore	8+635	8+655		none		none				
LADNEY, Jr., Michael 1-84-6-10	26 & 27	2	Moore	8+655	9+540		none						
Moore Rd bet Lots 27&28			Moore	9+540	9+560		none		none				
COLGATE, Paul A. 1-84-6-11	28	2	Moore	9+560	10+177		none		none				
LADNEY, Jr., Michael 1-84-6-12	12	Front	Moore	10+177	11+359		none		none				
C & O Railway	12	Front	Moore	11+359	11+375		none		none				
LADNEY, Jr., Michael 1-84-6-12	12	Front	Moore	11+375	11+408		none		none				
Moore Rd #2			Moore	11+408	11+428		none		none				
Ontario Hydro 1-84-6-13	13	Front	Moore	11+428	11+458		none		none				
St. Clair Valve Site	13	Front	Moore	11+458			none		none				
CT = Clay Tile					NB: All installed non-perforated plastic drainage tile was installed with rodent guards								
PT = Plastic Tile					NNB: For exact location of installed tile and connections, see tile As-Built plans (not included in this report).								
10 CT = 10 cm diameter Clay Tile													

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APPENDIX "B"

Compaction Test Results

# St. Clair to Bickford Pipeline Location of Compaction Test Pits



—30 compaction test pits



Scale 1:50,000

NPS 24 ST. CLAIR TO BICKFORD PIPELINE SOIL COMPACTION TEST RESULTS										
Location*	1990					1991				
	Depth (cm)	Date Sampled	% Moisture	Bulk Density (g/cc)	% Increase in Bulk Density	Depth (cm)	Date Sampled	% Moisture	Bulk Density (g/cc)	% Increase in Bulk Density
1A	20-40	11/06/90	12.9	1.67						
1B	20-40	11/06/90	18.6	1.67	-0.3					
1A	20-40	11/06/90	16.7	1.71						
1B	20-40	11/06/90	25.1	1.59	7.2					
2A	20-40	11/06/90	12.6	1.75						
2B	20-40	11/06/90	12.9	1.71	2.3					
2A	20-40	11/06/90	14.5	1.73						
2B	20-40	11/06/90	23.2	1.82	7.1					
3A	20-40	11/06/90	13.7	1.75		25-45	02/12/91	49.7	1.18	
3B	20-40	11/06/90	22.2	1.62	6.0	20-40	02/12/91	36.4	1.30	-10.6
3A	20-40	11/06/90	16.3	1.81		45-65	02/12/91	50.3	1.14	
3B	20-40	11/06/90	22.7	1.63	10.7	40-60	02/12/91	45.0	1.24	-6.1
4A	20-40	11/06/90	17.6	1.57		25-45	03/12/91	41.3	1.26	
4B	20-40	11/06/90	21.7	1.57	-0.3	25-45	03/12/91	29.9	1.53	-16.4
4A	20-40	11/06/90	21.0	1.60		45-65	03/12/91	42.9	1.22	
4B	20-40	11/06/90	24.0	1.57	-3.0	45-65	03/12/91	26.8	1.57	-22.5
5A	20-40	11/06/90	14.7	1.70						
5B	20-40	11/06/90	19.8	1.81	5.9					
5A	20-40	11/06/90	21.4	1.66						
5B	20-40	11/06/90	22.9	1.66	-0.3					
6A	20-40	15/06/90	18.9	1.48						
6B	20-40	15/06/90	25.9	1.43	3.5					
6A	20-40	15/06/90	44.0	1.33						
6B	20-40	15/06/90	31.9	1.44	-7.6					
7A	20-40	15/06/90	18.9	1.41		25-45	03/12/91	41.2	1.27	
7B	20-40	15/06/90	32.8	1.31	7.3	25-45	03/12/91	46.1	1.22	3.5
7A	20-40	15/06/90	39.9	1.32		45-65	03/12/91	53.1	1.12	
7B	20-40	15/06/90	48.9	1.20	10.0	45-65	03/12/91	46.7	1.21	-7.5
8A	20-40	15/06/90	20.7	1.48						
8B	20-40	15/06/90	23.7	1.39	6.1					
8A	20-40	15/06/90	45.0	1.31						
8B	20-40	15/06/90	40.0	1.35	-3.0					
9A	20-40	15/06/90	13.7	1.72		25-45	03/12/91	34.0	1.36	
9B	20-40	15/06/90	30.7	1.42	21.2	25-45	03/12/91	42.4	1.26	7.8
9A	20-40	15/06/90	26.5	1.61		45-65	03/12/91	34.6	1.42	
9B	20-40	15/06/90	25.0	1.52	5.6	45-65	03/12/91	65.5	1.21	17.3
10A	20-40	15/06/90	20.0	1.55						
10B	20-40	15/06/90	30.1	1.46	6.2					
10A	20-40	15/06/90	26.8	1.48						
10B	20-40	15/06/90	43.3	1.33	11.3					
11A	20-40	15/06/90	15.1	1.59						
11B	20-40	15/06/90	26.4	1.40	13.6					
11A	20-40	15/06/90	34.6	1.29						
11B	20-40	15/06/90	40.4	1.26	2.0					
12A	20-40	15/06/90	21.1	1.52		25-45	03/12/91	42.4	1.25	
12B	20-40	15/06/90	24.1	1.45	4.8	20-40	03/12/91	44.3	1.25	0.0
12A	20-40	15/06/90	30.5	1.43		45-65	03/12/91	50.5	1.16	
12B	20-40	15/06/90	39.9	1.27	12.6	40-60	03/12/91	48.2	1.24	-6.2
13A	20-40	15/06/90	14.9	1.66		20-40	03/12/91	44.8	1.22	
13B	20-40	15/06/90	19.7	1.57	7.0	25-45	03/12/91	44.0	1.23	-0.8
13A	20-40	15/06/90	28.4	1.46		40-60	03/12/91	43.2	1.17	
13B	20-40	15/06/90	51.6	1.26	15.9	45-65	03/12/91	43.5	1.26	-7.1
14A	20-40	19/06/90	15.4	1.75						
14B	20-40	19/06/90	6.9	1.80	-2.5					
14A	20-40	19/06/90	27.1	1.50						
14B	20-40	19/06/90	13.0	1.65	-19.2					

NPS 24 ST. CLAIR TO BICKFORD PIPELINE SOIL COMPACTION TEST RESULTS										
Location*	1990					1991				
	Depth (cm)	Date Sampled	% Moisture	Bulk Density (g/cc)	% Increase in Bulk Density	Depth (cm)	Date Sampled	% Moisture	Bulk Density (g/cc)	% Increase in Bulk Density
15A	20-40	19/06/90	19.7	1.72						
15B	20-40	19/06/90	17.9	1.60	7.5					
15A	20-40	19/06/90	18.9	1.67						
15B	20-40	19/06/90	10.9	1.80	-7.2					
16A	20-40	19/06/90	14.5	1.63						
16B	20-40	19/06/90	16.1	1.59	2.5					
16A	20-40	19/06/90	16.6	1.70						
16B	20-40	19/06/90	6.8	1.90	-10.6					
17A	20-40	19/06/90	13.4	1.57						
17B	20-40	19/06/90	26.2	1.55	1.6					
17A	20-40	19/06/90	18.3	1.67						
17B	20-40	19/06/90	14.3	1.65	1.2					
18A	20-40	19/06/90	13.5	1.60						
18B	20-40	19/06/90	12.8	1.30	23.2					
18A	20-40	19/06/90	19.0	1.61						
18B	20-40	19/06/90	15.3	1.61	0.0					
18A	20-40	19/06/90	13.6	1.69						
19B	20-40	19/06/90	13.8	1.63	4.0					
19A	20-40	19/06/90	15.2	1.65						
19B	20-40	19/06/90	16.3	1.74	-4.9					
20A	20-40	20/06/90	11.8	1.70						
20B	20-40	20/06/90	18.6	1.63	4.9					
20A	20-40	20/06/90	14.1	1.63						
20B	20-40	20/06/90	12.2	1.80	-9.4					
21A	20-40	20/06/90	12.1	1.73						
21B	20-40	20/06/90	15.6	1.73	0.0					
21A	20-40	20/06/90	27.8	1.53						
21B	20-40	20/06/90	13.1	1.80	-15.0					
22A	20-40	20/06/90	13.0	1.69						
22B	20-40	20/06/90	19.7	1.67	1.2					
22A	20-40	20/06/90	16.7	1.77						
22B	20-40	20/06/90	12.3	1.79	-1.4					
23A	20-40	20/06/90	13.4	1.72		20-40	03/12/91	36.2	1.34	
23B	20-40	20/06/90	32.8	1.34	26.4	25-45	03/12/91	40.6	1.30	9.1
23A	20-40	20/06/90	20.7	1.69		40-60	03/12/91	34.2	1.43	
23B	20-40	20/06/90	18.0	1.64	3.4	45-65	03/12/91	43.3	1.24	15.1
24A	20-40	20/06/90	14.1	1.63		20-40	03/12/91	35.5	1.36	
24B	20-40	20/06/90	23.4	1.61	1.6	25-45	03/12/91	40.9	1.27	6.9
24A	20-40	20/06/90	16.3	1.76		40-60	03/12/91	36.4	1.44	
24B	20-40	20/06/90	19.1	1.87	-4.8	45-65	03/12/91	46.0	1.23	16.7
25A	20-40	26/06/90	14.3	1.61		20-40	03/12/91	31.1	1.50	
25B	20-40	26/06/90	7.6	1.71	-5.8	25-45	03/12/91	28.8	1.46	2.7
25A	20-40	26/06/90	7.7	1.94		40-60	03/12/91	43.7	1.35	
25B	20-40	26/06/90	6.3	1.76	10.5	45-65	03/12/91	40.1	1.36	-0.6
26A	20-40	26/06/90	25.3	1.41						
26B	20-40	26/06/90	25.1	1.34	5.2					
26A	20-40	26/06/90	21.5	1.47						
26B	20-40	26/06/90	13.0	1.62	-8.6					
27A	20-40	26/06/90	23.6	1.51						
27B	20-40	26/06/90	16.4	1.52	-1.0					
27A	20-40	26/06/90	17.9	1.62						
27B	20-40	26/06/90	14.7	1.47	10.6					
28A	20-40	26/06/90	18.5	1.62						
28B	20-40	26/06/90	16.3	1.72	-5.6					
28A	20-40	26/06/90	19.4	1.80						
28B	20-40	26/06/90	10.2	1.91	-5.5					

NPS 24 ST. CLAIR TO BICKFORD PIPELINE SOIL COMPACTION TEST RESULTS										
Location*	1990					1991				
	Depth (cm)	Date Sampled	% Moisture	Bulk Density (g/cc)	% Increase in Bulk Density	Depth (cm)	Date Sampled	% Moisture	Bulk Density (g/cc)	% Increase in Bulk Density
29A	20-40	26/06/90	25.1	1.46						
29B	20-40	26/06/90	17.6	1.45	0.7					
29A	20-40	26/06/90	12.2	1.68						
29B	20-40	26/06/90	14.1	1.60	5.0					
30A	20-40	26/06/90	16.3	1.60						
30B	20-40	26/06/90	16.2	1.70	-5.6					
30A	20-40	26/06/90	7.9	1.91						
30B	20-40	26/06/90	10.0	1.90	0.5					
31A	20-40	26/06/90	14.7	1.60						
31B	20-40	26/06/90	8.7	1.67	-4.2					
31A	20-40	26/06/90	15.2	1.71						
31B	20-40	26/06/90	6.3	1.76	-2.8					
32A	20-40	26/06/90	19.5	1.77		20-40	03/12/91	44.8	1.26	
32B	20-40	26/06/90	19.9	1.59	11.4	25-45	03/12/91	39.2	1.31	-3.9
32A	20-40	26/06/90	11.7	1.62		40-60	03/12/91	35.4	1.39	
32B	20-40	26/06/90	15.4	1.69	-4.1	45-65	03/12/91	36.3	1.36	2.1
33A	20-40	26/06/90	16.9	1.54						
33B	20-40	26/06/90	17.4	1.53	1.0					
33A	20-40	26/06/90	20.5	1.59						
33B	20-40	26/06/90	11.2	1.70	-6.8					
34A	20-40	26/06/90	15.0	1.57						
34B	20-40	26/06/90	14.9	1.58	-0.8					
34A	20-40	26/06/90	13.8	1.73						
34B	20-40	26/06/90	14.1	1.80	6.2					

\* see Figure 2  
 A - on easement (Locations 1 to 16 & 31 to 34 on workside)  
 (Locations 17 to 30 on subsoil storage side)  
 B - off easement (Control: beyond area of topsoil storage)

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Martha O. Hesse, Chairman;  
Charles G. Stalon, Charles A. Trabandt,  
Elizabeth Anne Moler and Jerry J. Langdon.

Michigan Consolidated Gas ) Docket Nos. CP88-464-000  
Company-Utility Division ) and CP88-509-000

CNG Transmission Corporation ) Docket No. CP89-1233-000  
v. )  
Michigan Consolidated Gas )  
Company-Utility Division )

**PROPERTY OF PUBLIC REFERENCE  
DO NOT REMOVE FROM**

**ROOM 1000,**  
ORDER APPROVING POINT OF IMPORTATION AND EXPORTATION,  
ISSUING PRESIDENTIAL PERMIT, AND DISMISSING COMPLAINT

(Issued September 13, 1989)

On June 13, 1988, Michigan Consolidated Gas Company - Utility Division (MichCon) filed an application in Docket No. CP88-464-000, pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 0204-112, for a Presidential permit authorizing the construction, operation, and maintenance of facilities, known as the Belle River - Bickford pipeline, at the international border between the United States and Canada for the transportation of natural gas imported and exported by Union Gas Limited (Union). 1/

On July 30, 1988, the Commission approved a draft Presidential permit for construction and operation of facilities at the international border with Canada, and sent letters to the Secretary of Defense and to the Secretary of State informing each of MichCon's application, providing a copy of a draft permit, and soliciting their views. Replies were received by letters dated August 25, 1988, and August 26, 1988, from the Secretary of Defense and the Secretary of State, respectively. 2/

On June 24, 1988, MichCon filed an application in Docket No. CP88-509-000, pursuant to section 3 of the Natural Gas Act (NGA), for approval of the siting of the construction of these facilities. Importation and exportation of gas with construction, operation, and maintenance of facilities at the

1/ Union is a local distribution company located in Ontario, Canada.

2/ The Presidential permit is attached hereto as Appendix A.

Docket No. CP88-464-000 et al.

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international boundary require the issuance of a Presidential permit as well as authorization, under section 3, by this Commission and the Economic Regulatory Administration (ERA). We will approve the site of the construction of facilities and issue the Presidential permit, as conditioned herein.

On October 3, 1988, TransCanada Pipelines Limited (TransCanada) filed a complaint in Docket No. CP89-8-000, pursuant to Rule 206, regarding the facilities proposed by MichCon in Docket Nos. CP88-464-000 and CP88-509-000. MichCon filed an answer to TransCanada's complaint on December 8, 1988. On May 15, 1989, TransCanada filed a notice of withdrawal of its complaint filed October 3, 1988. The withdrawal of that pleading became effective on May 30, 1989, pursuant to Rule 216.

On April 18, 1989, CNG Transmission Corporation (CNG) filed a complaint in Docket No. CP89-1233-000, pursuant to Rule 206. CNG's complaint adopts, in all substantive respects, the arguments and rationale contained in TransCanada's complaint. On June 8, 1989, MichCon filed an answer to CNG's complaint. On April 28, 1989, Union filed an answer to CNG's complaint. On August 15, 1989, CNG filed an amendment to its complaint.

We believe that the issues raised by the filings named above are intertwined such that they are best resolved in one proceeding. Therefore, they are addressed jointly and resolved herein.

#### Import/Export Authorization

On May 9, 1988, Union filed an application with the Economic Regulatory Administration (ERA) <sup>3/</sup>, pursuant to section 3 of the NGA, for blanket authority to export up to 250 Bcf of natural gas to Canada and to import, for later export back to Canada (pursuant to an exchange agreement with MichCon), up to 100 Bcf of natural gas on a short-term, spot-market basis over a period

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<sup>3/</sup> On February 7, 1989, the ERA's authority over the importation of natural gas was transferred within the Department of Energy to the Office of Natural Gas, Assistant Secretary for Fossil Energy. See Delegation Order 0204-127, issued February 7, 1989, 5 Federal Energy Guidelines (CCH) ¶ 70,051 (1989). Hereinafter, the order will refer to the ERA or the Assistant Secretary for Fossil Energy depending on the particular context. For example, it was the ERA that limited Union's authorization to the consumption of gas in Canada only. However, the Assistant Secretary for Fossil Energy issued the order on rehearing, Order 283-A, and pursuant to the delegation order, any further action in this proceeding will be taken by the Assistant Secretary for Fossil Energy.

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of two years beginning on the date of first import or export. 4/ Union's application requested permission to import and export natural gas for its own account, as well as for the accounts of other Canadian suppliers or marketers.

The May 9 filing stated that Union contemplated utilizing existing pipeline facilities in the United States and in Canada and contemplated no construction of new facilities to implement its proposal. On July 22, 1988, Union filed a separate blanket application with the ERA for authorization to import and export gas transported through the proposed Belle River - Bickford pipeline. 5/ On August 1, 1988, Union requested that the ERA suspend the processing of this application.

On November 22, 1988, the ERA issued DOE/ERA Opinion and Order No. 283 in ERA Docket No. 88-30-NG. 6/ The ERA found that Union's proposal is consistent with section 3 of the NGA and the Department of Energy's (DOE) international gas trade policy. Under the DOE's natural gas import policy guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test required under section 3 of the NGA. 7/ However, the ERA emphasized that the competitiveness of these import volumes was not considered in its decision because the volumes contemplated for import would be redelivered to Canada for Union's own system supply and would not be sold to United States consumers.

With regard to the proposal to export gas, the ERA found that competitiveness was not at issue because the current gas surplus in the United States and the short-term nature of the requested export authority protect against the possibility that a national or regional need for the gas will develop in the near term; in addition, any exports of United States gas will benefit producing regions with tax and related revenues, will benefit United States transporters by reducing the per unit cost of transmission, and will reduce the United States trade deficit.

The ERA found that an additional application for authority to use the Belle River - Bickford pipeline for these imports and exports was unnecessary since use of that facility would merely result in adding a new point of entry to a blanket authorization. Instead, Union is required to file information notifying the ERA

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4/ ERA Docket No. 88-30-NG.

5/ ERA Docket No. 88-44-NG.

6/ 1 ERA § 70,825 (1988).

7/ 49 Fed. Reg. 6684 (February 22, 1984).

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of changed circumstances if a new border facility becomes available and Union proposes to use it.

On February 23, 1989, the Assistant Secretary for Fossil Energy issued DOE/FE Opinion and Order No. 283-A. 8/ The purpose of this order was to clarify Order No. 283 pursuant to TransCanada's request filed with the ERA on December 22, 1988. Order 283-A states:

Order 283, which is implicitly conditioned by the assertions and facts in the decisional record of the proceeding, granted Union blanket authority to export U.S. gas and import Canadian gas for re-export back to Canada, up to the specified volumes, under short-term or spot agreements of two years or less. Order 283 does not authorize blanket imports and exports under longer-term agreements, nor does it authorize imports of Canadian gas for ultimate consumption in the United States. 9/

### Proposal

In its filings, MichCon proposed the construction of domestic facilities which would interconnect at the United States - Canadian boundary with the transmission system of Union. According to MichCon, the facilities would be used for the transportation of natural gas imported and exported by Union in order to allow the exchange of gas between MichCon and Union. The Canadian portion of this pipeline would be constructed and owned by St. Clair Pipeline Limited. 10/ MichCon states that any transportation in interstate commerce would be provided pursuant to its Order No. 63 blanket certificate. MichCon stated in its proposal that its facilities would be constructed pursuant to a certificate of public convenience and necessity from the Michigan Public Service Commission (MPSC).

The proposed pipeline, called the Belle River - Bickford Pipeline, would be 24 inches in diameter and would extend for approximately three miles in United States territory from MichCon's existing Belle River Mills compressor station to the point designated as the United States - Canadian boundary under

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8/ 1 FE § 70,202 (1989).

9/ 1 FE § 70,202, 71,001 (1989).

10/ St. Clair was created for the purpose of constructing, owning, and operating the portion of pipeline extending from the Canadian riverbank to the international boundary. St. Clair and Union are both subsidiaries of Union Enterprises Limited, all of which are Canadian corporations.

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the St. Clair River. St. Clair would construct the Canadian portion of the pipeline extending from the international boundary to St. Clair's valve site; Union would construct additional pipeline from St. Clair's valve site to its Bickford compressor station in Canada. The pipeline would be sized so as to allow an initial flow of 200 MMcf per day and would be designed to operate at a maximum allowable operating pressure of 1365 psig. The new pipeline facilities would result in the interconnection of the distribution systems of MichCon and Union. MichCon and Union have entered into agreements for firm and interruptible transportation service by MichCon on behalf of Union and an exchange agreement.

Interventions - Docket Nos. CP88-464-000 and CP88-509-000

After due notice of the applications in Docket Nos. CP88-464-000 and CP88-509-000 in the Federal Register on July 15, 1988 (54 Fed. Reg. 26853), seven timely, unopposed motions to intervene and one late motion to intervene were filed in each of the two proceedings. 11/ The timely, unopposed motions to intervene are granted by operation of Rule 214(3). The late motion to intervene, filed in each docket by CNG Transmission Corporation, will not delay the proceeding or prejudice any party. Accordingly, the late motion will be granted.

Six of the motions to intervene did not state a position; Union's motion to intervene expressed support of MichCon's proposal and requests expeditious approval of the applications.

On May 15, 1989, TransCanada filed a notice of withdrawal of its motion to intervene in these dockets. The withdrawal was effective May 30, 1989. Therefore, TransCanada's motion to intervene and request for an evidentiary hearing, and MichCon's answer, have not been considered.

Interventions - Docket No. CP89-1233-000

After due notice of the complaint filed in Docket No. CP89-1233-000 in the Federal Register on May 9, 1989 (54 Fed. Reg. 19944), seven timely, unopposed motions to intervene and one notice of intervention and protest were filed. 12/ The timely, unopposed motions are granted by operation of Rule 214(3). The notice to intervene is granted automatically by operation of Rule 214(2).

Five of the motions to intervene do not state a position. Tennessee Gas Pipeline Company, in its motion to intervene, urged

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11/ All intervenors are listed in Appendix B.

12/ All intervenors are listed in Appendix C.

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the Commission to examine the need to conduct an environmental review of all domestic facilities related to MichCon's proposal, including facilities proposed by Empire. Union asserts that CNG's complaint should be summarily terminated, denied as a late motion to intervene, or, alternatively, dismissed on the merits. In its notice of intervention and protest, the Public Service Commission of the State of New York protests the request made in CNG's complaint to defer action on any section 7(c) application MichCon may be required to file.

### Environmental Assessment

The Commission's staff prepared an environmental assessment (EA) for MichCon's proposed construction. <sup>13/</sup> The EA addressed land use, cultural resources, threatened or endangered species, streams, consistency with Michigan's Coastal Management Program, directional drilling operations, erosion control, revegetation of disturbed areas, and other concerns in the project area. The EA found that MichCon's construction of facilities at the proposed site would cause no significant impact on the quality of the human environment and that no preferred alternatives exist. <sup>14/</sup>

Based on the information discussed in the EA, the information provided in the applications, and supplements filed on July 8, 1988, and September 20, 1988, under Docket No. CP88-509-000, approval of MichCon's proposed project would not constitute a major Federal action significantly affecting the quality of the human environment.

### Discussion

CNG's complaint requests that we treat MichCon's proposal as an application to serve the northeast and asserts that gas transported by MichCon for exportation by Union will be imported back into the United States through the Empire pipeline. MichCon asserts that the gas imported by Union would either be returned to Union (through the exchange agreement), consumed as part of MichCon's system supply, or transported in interstate commerce pursuant to MichCon's Order No. 63 blanket certificate. MichCon further asserts that its primary reason for the Belle River - Bickford pipeline is its desire, as part of its normal operation as an LDC, to establish a back-up supply of gas from Union, through the exchange agreement, to be available to its retail customers in case of interruptions or shortfalls in sources of

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<sup>13/</sup> The approval of a site of import/export is clearly a federal action. Therefore, in exercising our statutory responsibilities under section 3, we need to comply with the National Environmental Policy Act of 1969.

<sup>14/</sup> The EA is attached hereto as Appendix D.

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gas. The underlying reason behind the firm and interruptible transportation agreements is delivery of United States gas supplies to Union. Nevertheless, on July 25, 1989, MichCon submitted a letter to the Commission suggesting that the following condition be placed on its certificate in order to resolve CNG's concerns:

Unless specifically authorized by the Commission, the facilities certified herein may not be used for the delivery of gas to Union, the ultimate destination of which is any point in the United States outside the State of Michigan.

Union's ERA authorization also restricts the ultimate destination of the gas imported/exported by Union. Union asserted to the ERA in its application that, while gas may be exchanged between it and MichCon, its requested import authorization did not contemplate the ultimate sale of gas to United States customers. Based on this representation, the ERA did not consider the competitiveness of Union's import/export request and restricted its authorization to the import/export of natural gas which would be consumed in Canada. The effect of Union's ERA authorization is that MichCon may only transport gas imported or exported by Union which will ultimately be consumed in Canada. Therefore, imposition of the condition suggested by MichCon, in conjunction with the ERA authorization, results in limiting transportation through the Belle River - Bickford pipeline to foreign commerce, not interstate commerce, as well as ensuring that the gas imported or exported by Union is not destined for consumption within the United States.

Since MichCon will not be selling or transporting gas in interstate commerce under this proposal, the Commission has no jurisdiction over it under section 7 of the NGA. The Commission's authority under section 3 is limited to approval of the site of the import/export of gas where construction of new domestic facilities is involved. The Commission may approve or disapprove the construction and operation of particular facilities necessary to implement the import/export to the extent that such construction and operation falls within the jurisdictional ambit of the NGA. <sup>15/</sup> In the instant case, the proposed facilities will be used for transportation in foreign commerce, not for transportation in interstate commerce. Therefore, we have no occasion either to approve or disapprove

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<sup>15/</sup> See Secretary of Energy Delegation Order No. 0204-112, 49 Fed. Reg. 6684 (February 22, 1984); Yukon Pacific Corporation, 39 FERC ¶ 61,216 (1987); Inter-City Minnesota Pipeline Ltd., 29 FERC ¶ 61,150 (1984); *Distrigas Corp. v. FPC*, 495 F.2d 1057, 1065 (D.C. Cir. 1974), cert. denied, 419 U.S. 834 (1974).

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the construction and operation of the proposed facilities, other than at the site of importation/exportation. In the event of a regulatory gap, the Commission may impose on imports of natural gas the equivalent of section 7 certification requirements. 16/ However, no regulatory gap exists in this case - the MPSC authorized the construction of the facilities and, presumably, will set rates for transportation through the facilities. 17/ Accordingly, approval or disapproval of the site of importation/exportation is the extent of the Commission's jurisdiction over the proposed facilities.

MichCon and CNG debated extensively the issue of whether the proposed pipeline could be constructed under MichCon's Order No. 63 blanket certificate. 18/ However, this issue has no relevance to this proceeding. Since the facilities will only be used for foreign commerce, section 7 jurisdiction does not attach. MichCon will not be transporting gas in interstate commerce; therefore, MichCon will not be transporting gas under its Order No. 63 blanket certificate through these facilities. Consequently, whether MichCon may construct these facilities under its blanket is not an issue. 19/

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16/ Id.

17/ Michigan Consolidated Gas Company, MPSC Case No. U-9138 (November 10, 1988), reh'g denied, MPSC Case No. U-9138 (March 21, 1989).

18/ MichCon received an Order No. 63 blanket certificate in 1980. See, Michigan Consolidated Gas Company, 12 FERC ¶ 61,044.

19/ In order to clarify the extent of authority granted under Order No. 63, we offer the following: Order No. 63 was issued on January 3, 1980, in order to permit pipelines which are exempt from the Commission's jurisdiction under section 1(c) of the NGA (Hinshaw pipelines) to apply for blanket section 7(c) certificate authority to sell and transport natural gas in interstate commerce and assign contractual rights to natural gas under the same conditions as apply to those transactions when engaged in by intrastate pipelines under sections 311 and 312 of the Natural Gas Policy Act of 1978 (NGPA). The NGA, not the NGPA, governs services authorized under Order No. 63. MichCon's existing section 7 authority, as reflected in its blanket certificate, is limited to sales, transportation, and certain assignments of contract rights. Contrary to MichCon's assertions, an Order No. 63 blanket certificate, by analogy to section 311 of the NGPA, does not authorize construction of facilities, nor does it exempt the

(continued...)

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CNG's also asserts that MichCon's Hinshaw exemption would be destroyed by transporting gas for consumption in Canada. However, we note that transportation in foreign commerce, not interstate commerce, as allowed by this order will not destroy a Hinshaw exemption since foreign commerce is not considered a part of interstate commerce within the meaning of the NGA.

CNG requests an evidentiary hearing concerning its allegations that transportation of gas through the Belle River - bickford pipeline for ultimate consumption in New York or other parts of the United States will occur. An evidentiary hearing is not required. Our decision is not based on material facts that are in dispute. As indicated above, MichCon's authorization is restricted to foreign commerce; Union's ERA authorization is limited to importing and exporting gas for consumption in Canada only. Therefore, gas may not be transported as alleged by CNG without further authorization from this Commission and the Assistant Secretary for Fossil Energy. At this time, the assertions set forth by CNG are speculative and unsupported and, as such, do not require examination at an evidentiary hearing.  
20/

The issues raised by CNG have been resolved by this decision; therefore, CNG's complaint, as amended, will be dismissed.

The Commission orders:

(A) Pursuant to its authority under section 3 of the Natural Gas Act, as delegated by the Secretary of Energy, the Commission approves the siting of the construction of the proposed facilities as requested in Docket No. CP88-509-000 and issues a Presidential permit authorizing the construction, operation, and maintenance of the proposed facilities as requested in Docket No. CP88-464-000 at the United States - Canadian border.

(B) The authority granted herein is limited to the transportation of gas in foreign commerce for the purposes of

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19/ (...continued)

construction of any facilities from the NGA. Further, MichCon's belief that it may construct a pipeline under section 3 authority, thereby avoiding NGA jurisdiction under section 7(c), and subsequently transport gas in interstate commerce through that pipeline under its Order No. 63 blanket certificate is equally incorrect.

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Union's system supply or for the delayed exchange of Union's and MichCon's system supplies.

- (C) CNG's late motions to intervene are granted.
- (D) CNG's complaint is dismissed.
- (E) CNG's request for hearing is denied.

By the Commission.

( S E A L )



*Lois D. Cashell*

Lois D. Cashell,  
Secretary.

## APPENDIX A

PERMIT AUTHORIZING MICHIGAN  
CONSOLIDATED GAS COMPANY-UTILITY DIVISION  
TO CONSTRUCT, OPERATE, MAINTAIN AND CONNECT  
NATURAL GAS FACILITIES AT THE INTERNATIONAL  
BOUNDARY BETWEEN THE UNITED STATES AND CANADA

(Federal Energy Regulatory Commission -  
Docket No. CP88-464-000)

Michigan Consolidated Gas Company-Utility Division (Permittee), a corporation organized and existing under the laws of the State of Michigan, filed in Docket No. CP88-464-000 on June 13, 1988, an application pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 0204-112, for a Permit authorizing Permittee to construct, operate, maintain, and connect the natural gas transmission facilities described in Article 2 below on the international boundary between the United States and Canada.

By letter dated August 26, 1988, the Secretary of State, and by letter dated August 25, 1988, the Secretary of Defense favorably recommended that the Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of a Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953, and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 0204-112, effective February 22, 1984, and the Commission's General Rules and Regulations, permission is granted to Permittee to construct, operate, maintain and connect the natural gas transmission facilities described in Article 2 below, upon the terms and conditions of the Permit.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission and may be amended by the Federal Energy Regulatory Commission upon proper application.

Article 2. The following facilities are subject to this Permit:

A 24-inch pipeline located in the United States between Permittee's Belle River Mills station and an interconnect with the pipeline belonging to St. Clair Pipeline Limited at the international border, all in St. Clair County, Michigan.

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Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the importation or exploration of natural gas from Canada to the United States only in the amount, at the rate, and in the manner authorized under section 3 of the Natural Gas Act.

Article 4. The construction, operation, maintenance, and connection of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States for such purposes. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the aforesaid facilities and connections, and in no event shall the United States be liable therefor. The Permittee shall do everything reasonable within its power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas imported or exported or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities and connections, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities and connections used hereunder by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities and connections authorized by this Permit remain substantially the same as before the

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involuntary transfer. The Permittee shall maintain the facilities and connections, and every part thereof, in a condition of repair for the efficient operation of said facilities and connections in the transportation of natural gas and shall make all necessary renewals and replacement.

Article 9. Upon the termination, revocation, or surrender of this Permit, the transportation facilities herein authorized shall be removed within such time as the Commission may specify, and at the expense of the Permittee. Upon failure of the Permittee to remove such transportation facilities or any portion thereof, the Commission may direct that possession of the same be taken and the facilities be removed, at the expense of the Permittee, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

By direction of the Commission.

( S E A L )

*Lois D. Cashell*  
Lois D. Cashell,  
Secretary.

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IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of \_\_\_\_\_, 1989, has caused its name to be signed by \_\_\_\_\_, pursuant to a resolution of its Board of Directors duly adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 1989, a certified copy of the record of which is attached hereto.

MICHIGAN CONSOLIDATED GAS COMPANY

By \_\_\_\_\_

(Attest)

\_\_\_\_\_

Executed in triplicate

Docket No. CP88-464-000, et al.

APPENDIX B

ANR Pipeline Company

CNG Transmission Corporation

TransCanada Pipelines Limited

Association of Businesses Advocating Tariff Equity

Panhandle Eastern Pipe Line Company

Union Gas Limited

Consumers Power Company

Tennessee Gas Pipeline Company

Docket No. CP88-464-000, et al.

APPENDIX C

Panhandle Eastern Pipe Line Company

CNG Transmission Corporation

Consumers Power Company

Northridge Petroleum Marketing, Inc.

Association of Businesses Advocating Tariff Equity

National Fuel Gas Distribution Corporation

Union Gas Limited and St. Clair Pipelines Ltd., jointly

## APPENDIX D

Michigan Consolidated Gas Company - Utility Division  
Docket Nos. CP88-464-000 and CP88-509-000ENVIRONMENTAL ASSESSMENT

In Docket No. CP88-509-000, Michigan Consolidated Gas Company - Utility Division (MichCon) seeks authorization to import and export natural gas under Section 3 of the Natural Gas Act. MichCon has not proposed to construct any facilities under Section 7(c) of the Natural Gas Act. In association with the import, MichCon would construct about 3 miles of 24-inch-diameter pipeline from a point within MichCon's existing Belle River Mi Compressor Station in St. Clair County, Michigan (milepost 0.0 to an interconnection with a pipeline in the middle of the St. Clair River (milepost 3.0) owned by St. Clair Pipeline Limited (St. Clair) in Ontario, Canada.<sup>1/</sup> These pipelines would interconnect at the international boundary between the United States and Canada. MichCon's facilities could be used to move an unspecified volume of natural gas either into or out of the United States. MichCon would also construct a new meter and regulate station near milepost 0.0.

St. Clair would construct about 1,200 feet of pipeline in Lambton County, Ontario, Canada. Most of this pipeline would be located under the St. Clair River, and it would connect to Union Gas Limited's (Union) pipeline system. Union would construct about 8 miles of 24-inch-diameter pipeline in Lambton County from St. Clair's facilities to its Sicksford Storage Pool Station. MichCon, St. Clair, and Union would use all of the above facilities to transport and exchange gas.<sup>2/</sup>

In Docket No. CP88-464-000, MichCon seeks a Presidential Permit to site, construct, connect, operate, and maintain pipeline facilities at the international border between the United States and Canada under the St. Clair River in Michigan

<sup>1/</sup> St. Clair Pipeline Limited (St. Clair) and Union Gas Limited (Union) are both subsidiaries of Union Enterprises Limited. All of these companies are Canadian corporations. Union is a local distribution company in Ontario. St. Clair has been created to construct, own, and operate that portion of the pipeline from the Canadian riverbank to the international border.

<sup>2/</sup> This pipeline would be able to transport up to 200,000 Mscfd per day at an operating pressure of 750 pounds per square inch gage.

MichCon asserts that it is subject to the jurisdiction of the Michigan Public Service Commission (PSC) and that it is exempt from the jurisdiction of the Federal Energy Regulatory Commission (FERC or Commission) under Sections 1(b) and 1(c) of the Natural Gas Act. However, since the pipeline facilities are associated with the Section 3 import authorization, they require FERC's review under the delegation authority from the U.S. Department of Energy. Also, as currently filed, MichCon's facilities would be constructed pursuant to a certificate of public convenience and necessity issued by the PSC. On June 9, 1988, MichCon filed an application, Case No. U-9138, with the PSC. On November 10, 1988, the PSC issued an order approving MichCon's proposal. The facilities located on the United States side of the international border would be owned by MichCon and those on the Canadian side would be owned by the Canadian companies.2/

St. Clair filed an application with the National Energy Board on June 15, 1988, and hearings were completed on September 27, 1988. Union filed an application with the Ontario Energy Board (OEB), File No. 226, for its part of this project and the OEB has approved it. In a letter filed with the Commission on August 26, 1988, the U.S. Department of State indicated that it supports approval of MichCon's application and believes that such approval will enhance competition in the energy marketplace.

MichCon's 3-mile pipeline would be constructed using a construction right-of-way that is a maximum of 75 feet in width, disturbing up to 29 acres. The pipeline would be located inside the existing Belle-River Mills Compressor Station for about 500 feet, within the Puttygut Road right-of-way for about 13,400 feet, adjacent to a powerline right-of-way for about 600 feet, and under the United States side of the St. Clair River for about 800 feet.4/ The pipeline's construction right-of-way would be located completely within existing utility property or road rights-of-way except for about 600 feet near the St. Clair River where it appears to cross private property near a powerline. The

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2/ On October 3, 1988, TransCanada PipeLines Limited filed a complaint under Section 185.206 of the Commission's regulations in Docket No. CP89-8-000. TransCanada PipeLines Limited requests that the Commission issue an order directing MichCon not to construct 3 miles of 24-inch-diameter pipeline and a meter and regulator station in St. Clair County, Michigan, until it receives a certificate from the FERC under Section 7(c) of the Natural Gas Act.

4/ Great Lakes Gas Transmission Company has a 36-inch-diameter pipeline located on the north side of Puttygut Road in the project area.

3

U.S. directional drilling site would be located in this area.

The pipeline's river crossing would be directionally drilled under the St. Clair River and would have a total length of about 2,100 feet. The river is about 1,700 feet wide at this location. The pipeline would be located a minimum of 20 feet below the bottom of the river. On August 31, 1988, the U.S. Army Corps of Engineers (COE) issued a Joint Public Notice No. 88-12-109B of MichCon's application for a Section 10 permit to bore under the St. Clair River. See appendix A. Additional information concerning the construction technique that would be used to make the directionally drilled pipeline crossing can be found in the COE notice. On November 7, 1988, the COE issued a section 10 permit for MichCon's project. A 1.68-acre site on the American side of the river would be used to directionally drill the pipeline. A similar sized area would be used on the Canadian side of the river. Drilling mud would predominantly exit on the Canadian side of the river and would be treated and disposed of in compliance with Canadian regulations. No disturbance to the banks or bed of the river would occur.

With the exception of the St. Clair River, no perennial streams would be crossed by MichCon's proposed pipeline. Five drains would be crossed along Puttygut Road: Stewart Drain, Stewart Drain Branch #1, and three unnamed water courses. On August 17, 1988, the Board of County Road Commissioners of St. Clair County, Michigan, issued permit number 60527/0608 authorizing MichCon to construct its pipeline in the north side of the Puttygut Road right-of-way. On August 19, 1988, the St. Clair County Drain Commission issued permit No. 406 for the five drain crossings. Furthermore, on September 12, 1988, the China Township Board issued Special Approval Permit No. 1-88, authorizing construction of the pipeline in its jurisdiction.5/

MichCon would have to comply with Michigan's Soil Erosion and Sedimentation Control Act 347. On April 13, 1988, MichCon filed a permit application with the St. Clair County Department of Public Works (CCDPW) seeking approval of its soil erosion control plan. This plan contains requirements for seeding (4 pounds per 1,000 square feet), fertilizing (16 pounds per 1,000 square feet of 12-12-12), and mulching slopes in excess of 4 horizontal to 1 vertical (100 pounds per 1,000 square feet), and other measures to control erosion and restore the construction right-of-way. On June 6, 1988, the CCDPW issued soil erosion and sedimentation permit No. 88-005 for the proposed project. MichCon would also segregate topsoil in agricultural areas along the route. Therefore, proper sedimentation control and revegetation of the construction right-of-way should occur.

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5/ MichCon has not provided a similar permit for the East China Township.

SEP 13 '89 16:44 JOHN, HENGERER & ESPOSITO

4

In a letter dated June 10, 1988, the Michigan Bureau of History indicated that MichCon's project will not affect any historic properties and is cleared under 36 CFR 800 for the "Protection of Historic Properties." The route followed by the proposed pipeline has been previously disturbed by road construction and by emplacement of a 36-inch-diameter pipeline owned by Great Lakes Gas Transmission Company. Consequently, the staff believes that sites on or eligible for the National Register of Historic Places should not be effected.

The U.S. Fish and Wildlife Service indicated in a letter dated July 18, 1988, that there are no federally listed endangered, threatened or proposed species present in the project area.

On October 24, 1988, the Land and Water Management Division, Michigan Department of Natural Resources issued permit No. 88-11-242 under the Michigan Inland Lakes and Streams Act. The issuance of this permit certified that MichCon's project is consistent with the Michigan Coastal Management Program.

The staff was not able to develop any preferred alternatives for the proposed facilities. Except for the river crossing, the proposed pipeline is located entirely within existing rights-of-way. Furthermore, the proposed pipeline is following a route that a local governing body, China Township, has expressed a preference for over other alternative routes in the area.

Based upon the above analysis, the information provided in the applications, supplements filed on July 8 and September 20, 1988, under Docket No. CP88-509-000, the staff concludes that the impact on the environment from construction of the proposed facilities within the United States would not be significant. Therefore, approval of MichCon's proposal would not constitute a major Federal action significantly affecting the quality of the human environment. It is recommended that a finding of no significant impact (FONSI) be included in the Commission order. See the attached FONSI.

**CONTACTS**

The FERC staff consulted with the following agencies during the preparation of this environmental assessment:

- 1) Donald J. Mazuchowski and John King  
Public Service Commission  
Department of Commerce  
State of Michigan
- 2) Robert Jameson  
Corps of Engineers, Detroit District  
U.S. Department of the Army
- 3) Kathy Gunningham  
Coastal Management Program  
Department of Natural Resources  
State of Michigan
- 4) Rick Russ, Water Quality Specialist  
Land and Water Management Division  
Department of Natural Resources  
State of Michigan



US Army Corps  
of Engineers  
Detroit District

# Joint Public Notice

Applicant:  
Michigan Consolidated Gas Company

Date August 31, 1988  
Exp. September 19, 1988

In Reply Refer to:  
88-12-109B

Section  
10

## THIS IS NOT A PERMIT

### PROPOSED PIPELINE CROSSING UNDER THE ST. CLAIR RIVER AT EAST CHINA TOWNSHIP, NEAR ST. CLAIR, MICHIGAN

1. Michigan Consolidated Gas Company (Michigan), 500 Grisvold Street, Detroit, Michigan 48226 has applied to this office for a Federal Permit to be considered under authority of Section 10 of the River and Harbor Act of 1899 to bore a natural gas pipeline under the St. Clair River extending to the International Boundary Line, offshore property at 3963 South River Road (M-29) in Section 7 of T4N, R17E, St. Clair County located approximately 500 feet north of the terminus of Puttygut Road in East China Township, near St. Clair, Michigan.

2. When an application is received for a Department of the Army permit to authorize work in or over a navigable water of the United States, Department regulations state that notice regarding the matter shall be sent to all persons deemed likely to be interested, in order that any protests from the standpoint of navigation or other pertinent factors may be presented.

As shown on the attached plans the proposed crossing will be comprised of a single 24 inch steel pipe coated with an epoxy external fusion bond, which will be used to transport natural gas. The minimum depth for the crossing will be approximately 20 feet below the river bed at the center line of the river. The crossing will be at an elevation of 510 feet which is approximately 64 feet below the Low Water Datum elevation of 574.0 feet on the International Great Lakes Datum across the U. S. Federal Navigation Channel.

The pipeline crossing will be bored under the river bed by using a directionally drilled method. Drilling operations will be conducted on the applicant's property, above the Ordinary High Water Mark. From this location, a pilot hole will be drilled under the river exiting at the designated Canadian site. The prepared pipeline, assembled on the Canadian side, will then be connected to a back-reamer, and the entire length of line will be pulled behind the reamer back to the applicant's property. During construction, a bentonite clay mud mix will be used to effect drilling progress, provide bore hole stability and provide lubrication. The excess mud generated during this process will be captured in an on-shore holding pit and hauled away for upland disposal with no return to any waterway or wetland. The purpose of the crossing is for the transmission of natural gas.

3. The applicant has requested the following governmental authorization: Was app: to the St. Clair County Road Commission, St. Clair Board of Public Works, the Mich Public Service Commission, the Michigan Department of Natural Resources and the Federal Energy Regulatory Commission (Presidential Permit).

4. The decision whether to issue will be based on an evaluation of the probable impact of the activity on the public interest. That decision will reflect the national concern for both protection and utilization of important resources. The benefit which reasonably may be expected to accrue from the proposal must be balanced against its reasonably foreseeable detriments. All factors which may be relevant to the proposal will be considered including the cumulative effects thereof; among these are conservation, economics, aesthetics, general environmental concerns, wetlands, historic properties, fish and wildlife values, flood hazards, floodplain values, land use, navigation, shoreline erosion and accretion, recreation, water supply and conservation, water quality, energy needs, safety, food and fiber production, mineral needs, considerations of property ownership, and, in general, the needs and welfare of the people.

5. This application will be reviewed for the potential impact of threatened or endangered species pursuant to Section 7 of the Endangered Species Act as amended. If it is determined that the proposed activity may jeopardize the continued existence of listed species or destroy or adversely modify their critical habitat, formal consultation procedures will be initiated with the U.S. Fish and Wildlife Service or National Marine Fisheries Service.

6. This notice is being published in compliance with Title 33 Code of Federal Regulation Parts 320-330. Any interested parties and agencies desiring to express their views concerning the proposed work may do so by written comment to the District Engineer, Detroit District Corps of Engineers, Box 1027, Detroit, Michigan 48231, postmarked or delivered in person no later than the expiration date of this public notice. Comments of a positive or negative nature may be submitted. A lack of response will be interpreted as meaning that there is no objection to the permit application.

7. Any person may request, in writing, within the comment period specified in this notice, that a public hearing be held to consider this application. Request for public hearings shall state, with particularity, the reasons for holding a public hearing.

8. To comply with Federal consistency under Section 307 of the Coastal Zone Management Act (P.L. 92-383), as when applicable, Coastal Zone Management Certification (or waiver thereof) shall be required from the State of Michigan, Department of Natural Resources prior to issuance of a Department of the Army Permit.

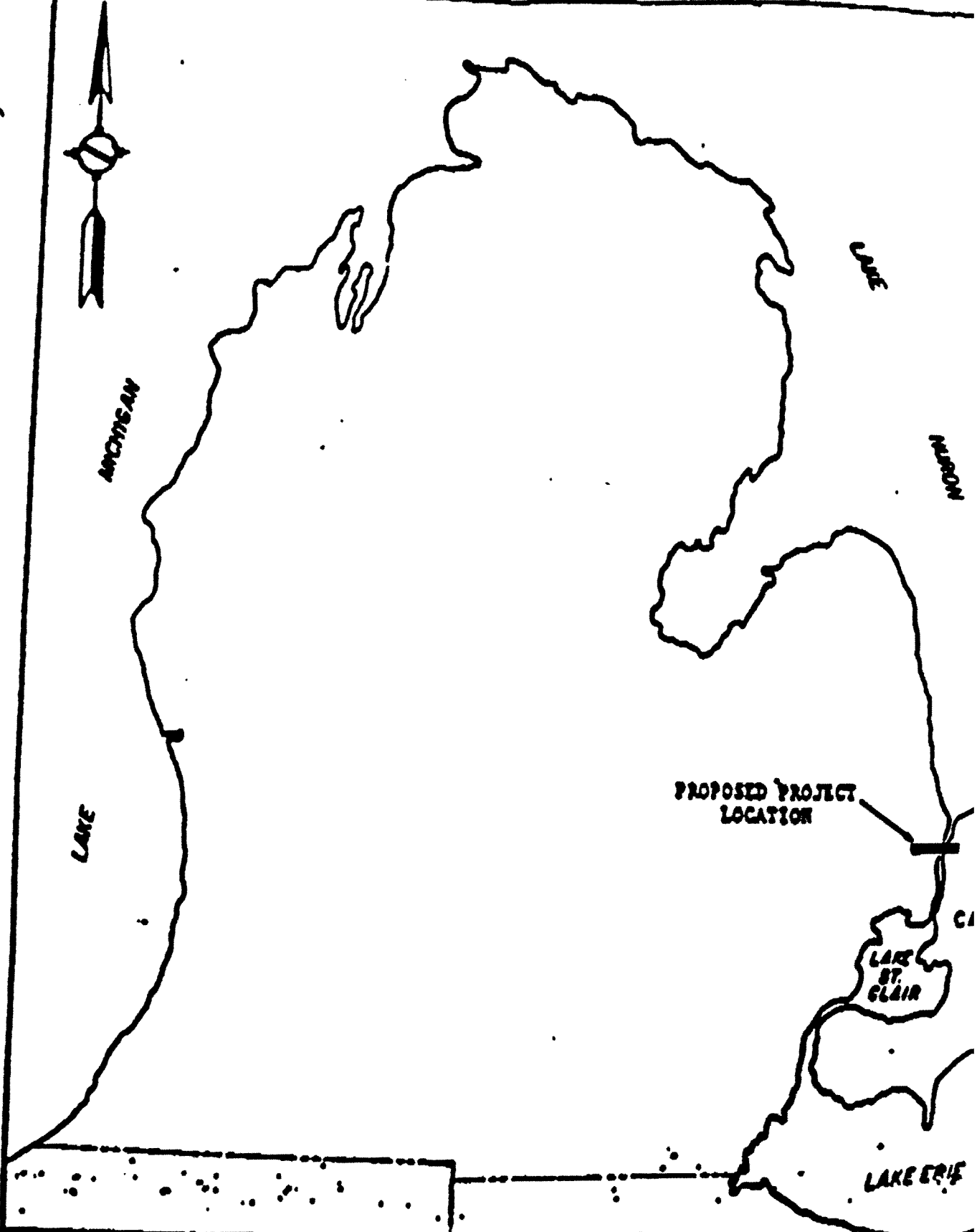
9. The District Engineer has reviewed existing information on historic properties potentially affected by the proposed project, including the National Register of Historic Places. No listed places are located within the proposed permit area. Through coordination with the State Historic Preservation Officer, the likelihood that unidentified historic properties or cultural deposits exist within the proposed permit area will be evaluated, the potential for impacts to these resources will be assessed, and any necessary avoidance measures will be incorporated prior to a decision on the application.

10. Additional information concerning this application may be obtained from Robert Jameson, Project Manager, at the Corps of Engineers address listed above, or telephone number 313-226-2219.

JOHN D. GLASS  
Colonel, Corps of Engineers  
District Engineer

**NOTICE TO POSTMASTERS:**

It is requested that the above notice be conspicuously and continuously posted for 20 days from the date of issuance of this notice.



**NOTES:**

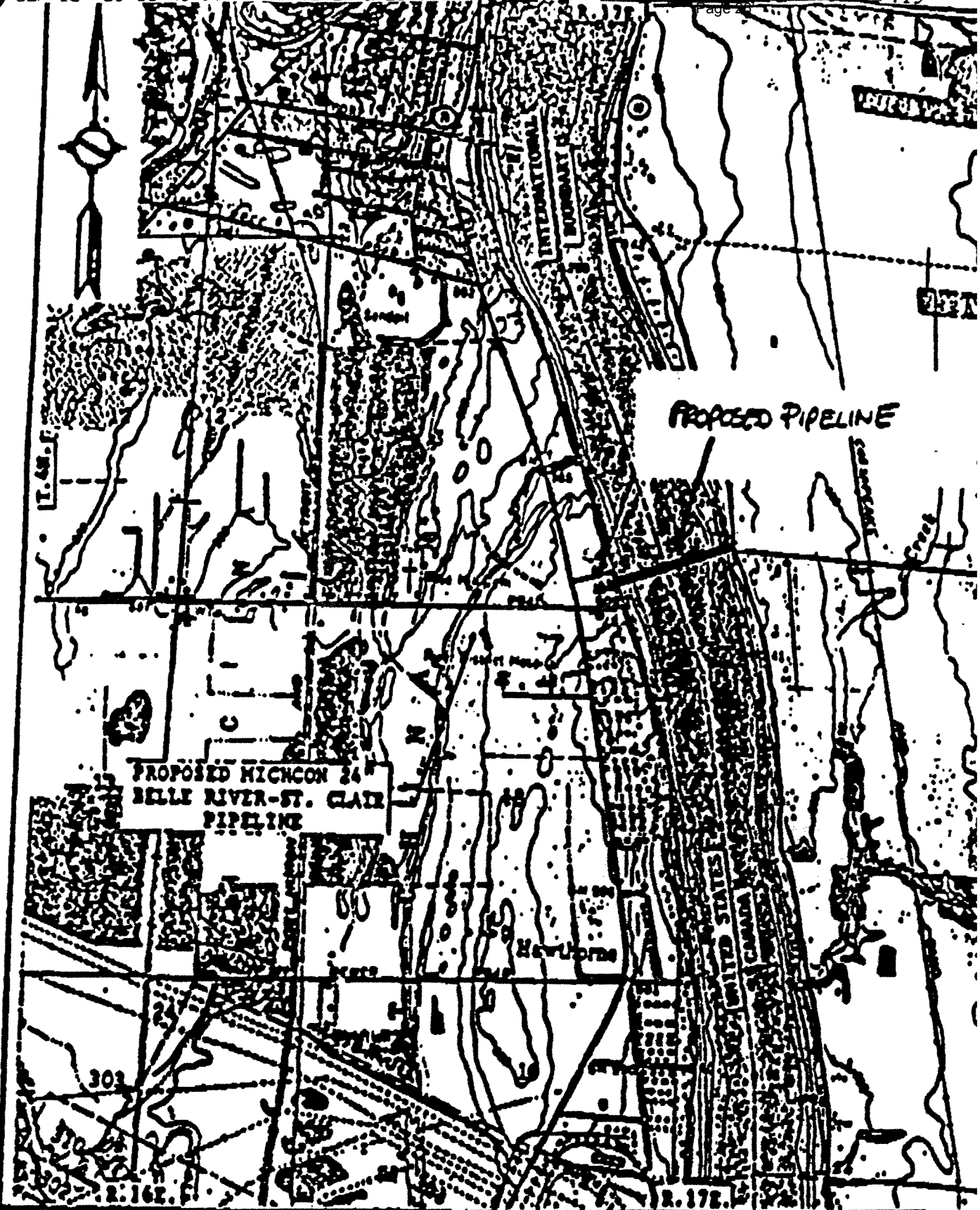
1. The proposed pipeline route indicated on this map represents general location only.
2. Aesthetic bands will be utilized wherever applicable, using D.N.R. Guidelines on State Land and Federal Guidelines on private property.

**MICHIGAN CONSOLIDATED GAS COMP**

8-6 TMS

**PROPOSED 24" BELLE RIVER-ST. CLAIR PIPELINE ST. CLAIR COUNTY, MICHIGAN**

11/1



**NOTES:**

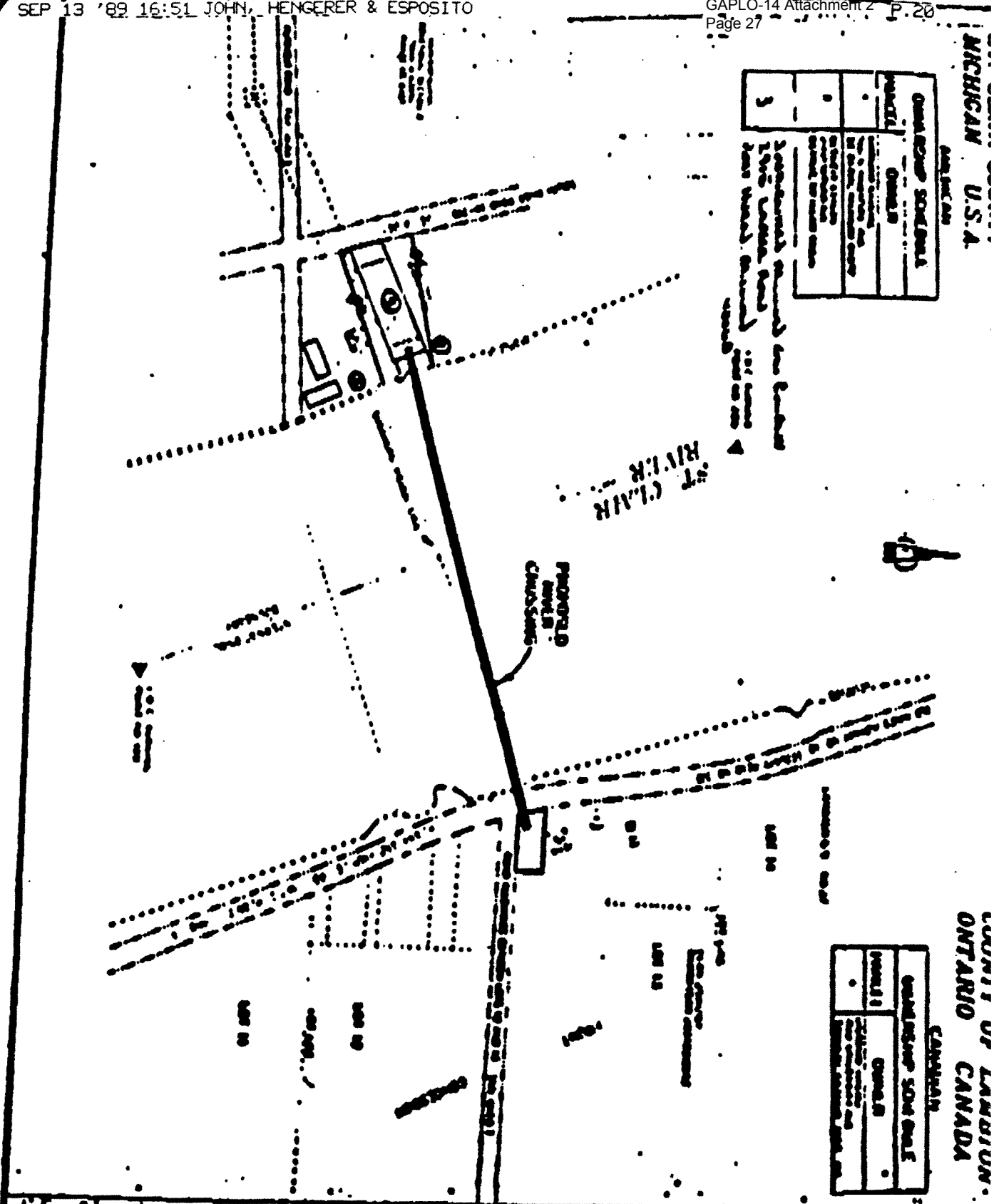
1. The proposed pipeline route indicated on this map represents general location only.
2. Aesthetic bends will be utilized wherever applicable, using D.N.R. Guidelines on State Land and Federal Guidelines on private property.

**MICHIGAN CONSOLIDATED GAS COMP.**

PROJECT TITLE  
**PROPOSED BELLE RIVER -  
 ST. CLAIR PIPELINE (3.0 MILES)  
 ST. CLAIR COUNTY, MICHIGAN**

MICHIGAN U.S.A.

DATE	DESCRIPTION
1	APPROVED BY THE BOARD OF DIRECTORS
2	APPROVED BY THE BOARD OF DIRECTORS
3	APPROVED BY THE BOARD OF DIRECTORS



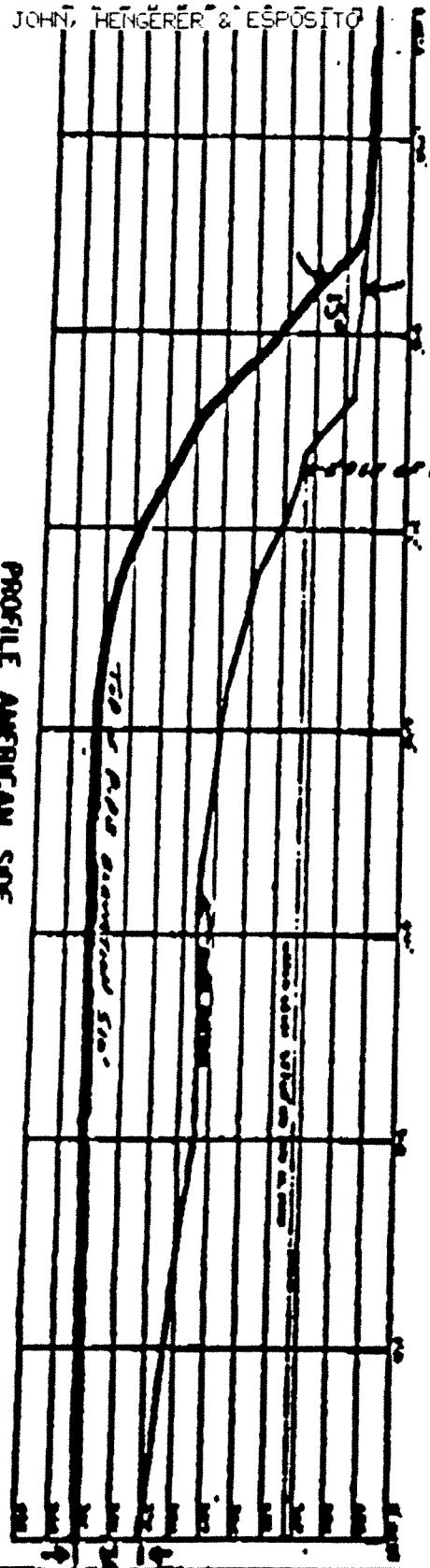
CANADA  
 ONTARIO CANADA

DATE	DESCRIPTION
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2	APPROVED BY THE BOARD OF DIRECTORS
3	APPROVED BY THE BOARD OF DIRECTORS

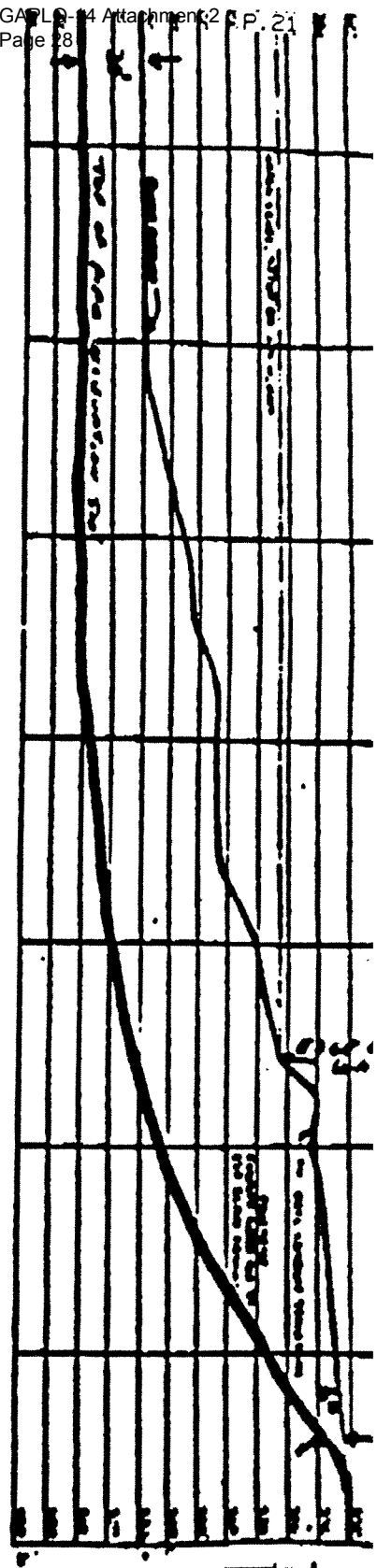
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1	2-10-89	SCALE	MCNE				
DRAFT ENG. <i>J.P.W.</i> DATE 2-12-89 DESIGN ENG. DATE CORR ENG. DATE APPD BY DATE						TITLE <b>PROPOSED BELLE RIVER-ST CLAIR PIPELINE</b> TOWNSHIP OF MOORE, ONTARIO TOWNSHIP OF EAST CHINA, MICHIGAN DWS. NO.	
MICHIGAN CONSOLIDATED GAS CO. ENGINEERING SERVICES DETROIT, MICHIGAN						3/4	
DO NOT SCALE THIS DWS USE DIMENSIONS ONLY							

Low water Datum 570 (550)

PROFILE AMERICAN SIDE



PROFILE CANADIAN SIDE



NO	DATE	REVISION	BY	CHK.	APPD	REFERENCE	UNDC
DESIGN BY	J.P.W.	DATE	2-11-88	SCALE	NONE	PROPOSED BELLE RIVER-ST. CLAIR PIPELINE TOWNSHIP OF MOORE, ONTARIO TOWNSHIP OF EAST CHINA, MICHIGAN	SHEET NO. 44
DRAFT. CHK.	J.P.B.	DATE	2-12-88	MICHIGAN CONSOLIDATED GAS CO. ENGINEERING SERVICES DETROIT, MICHIGAN			
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STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the application of )  
MICHIGAN CONSOLIDATED GAS COMPANY for )  
approval of the construction and operation )  
of the Belle River-St. Clair pipeline in )  
St. Clair County, Michigan. )

Case No. U-9138

At a session of the Michigan Public Service Commission held at its offices  
in the city of Lansing, Michigan, on the 10th day of November, 1988.

PRESENT: Hon. William E. Long, Chairperson  
Hon. Steven M. Fetter, Commissioner  
Hon. Ronald E. Russell, Commissioner

OPINION AND ORDER

On June 9, 1988, Michigan Consolidated Gas Company (Mich Con) filed an application pursuant to the provisions of 1929 PA 9, as amended, MCL 483.101 et seq. (Act 9), requesting authority to construct and operate a 24-inch O.D. natural gas pipeline (the Belle River-St. Clair pipeline) approximately three miles in length. This pipeline would begin at Mich Con's Belle River Mills storage facility in Section 11, T4N, R16E, China Township, St. Clair County and extend east, under the St. Clair River, to the international border. At that point, the Canadian segments of the total pipeline project would begin and ultimately terminate at Union Gas, Ltd.'s (Union) Bicksford Compressor Station in Sombra Township, Lambton County, Ontario.

Pursuant to due notice, a prehearing conference was held on August 17, 1988 before Administrative Law Judge Frank V. Strother (ALJ). TransCanada Pipelines, Ltd. (TransCanada) and Union sought to intervene. TransCanada asserted

that, as a supplier of natural gas to both Mich Con and Union, it had an interest in the proceeding sufficient to support its intervention. Mich Con and the Commission Staff (Staff) opposed TransCanada's intervention on the grounds that TransCanada lacked standing. The ALJ heard arguments on TransCanada's petition to intervene, taking the issue under advisement pending submission of briefs by the parties on August 29, 1988.

On the morning of the prehearing conference, TransCanada filed a motion to dismiss the application, which the ALJ determined would be appropriate to consider only if TransCanada was granted intervention.

Following submission of briefs by TransCanada, Mich Con and the Staff, the ALJ issued a ruling on September 6, 1988, denying the petition to intervene. Ten days later, TransCanada filed an application for leave to appeal and a request for a stay of the proceeding. Pursuant to an extension granted by the ALJ, both Mich Con and the Staff filed answers on September 26, 1988.

Based upon the schedule established at the prehearing conference, a hearing was held on Mich Con's application on September 29, 1988. At the outset, the ALJ noted that Union had expressed no interest in pursuing intervention given the denial of TransCanada's petition to intervene. Accordingly, he denied Union's petition to intervene. Mich Con's witnesses were then cross-examined and the Staff testified that the proposed Belle River-St. Clair Pipeline was reasonable, furthered the public interest, and should be approved. The parties waived compliance with Section 81 of the Administrative Procedures Act, as amended, and this case was submitted to the Commission.

#### Belle River-St. Clair Pipeline

The Belle River-St. Clair pipeline, which will cost an estimated \$4.3

million, is intended to provide Mich Con with improved system reliability and a back-up gas supply. According to the parties, Mich Con has entered into an exchange agreement with Union whereby the two companies agree to loan each other up to 200 million cubic feet of natural gas per day in the event of an unanticipated supply shortfall. Any gas so exchanged would be returned within six months. When constructed and connected with the other Canadian pipeline segments, the Belle River-St. Clair pipeline will link the substantial gas storage facilities of Mich Con with those of Union, thus providing back-up supply and reliability advantages.

It is further asserted that Mich Con's customers will benefit by the additional gas supply diversity attributable to this pipeline. Mich Con's purchasing strategy will be enhanced by increasing its access to gas suppliers, particularly within the spot market. This, in turn, should lead to lower prices for Mich Con's customers. In addition, the record indicates that Mich Con anticipates receiving not less than \$567,000 per year in transportation revenues from Union once the pipeline is completed. This transportation revenue, as well as that received from other entities, would help offset much of the pipeline's construction and operation costs.

Evidence sponsored by Mich Con included a map showing the location of the proposed pipeline and an environmental impact assessment of the project. Engineering specifications concerning the construction, testing and operation of the Belle River-St. Clair pipeline were also submitted, showing compliance with the Michigan Gas Safety Code. The Staff confirmed that if constructed, tested, and operated as proposed, the pipeline will meet the requirements set forth in the code. According to the Staff, the maximum allowable operating pressure will be 1,365 psig. Testimony further indicated that the proposed route of the Belle

River-St. Clair pipeline will, for the most part, parallel Puttygut Road in China Township. This routing is consistent with the preferences expressed by China Township officials.

The Staff conducted its own environmental review of the application and concluded that construction would not constitute a "major state activity" as defined in part 4 of the State of Michigan Guidelines for the Preparation and Review of Environmental Impact Statements under Executive Order 1974-4. Therefore, an environmental impact statement was not prepared.

Based on the record, we are persuaded that the proposed pipeline will benefit both Mich Con and its customers by improving system reliability and providing unique back-up supply capabilities. The Commission further believes that, as Mich Con strives for increased supply diversification and flexibility in a competitive gas market, its ability to take advantage of less expensive gas supplies will be increased by the supply reliability offered by the Belle River-St. Clair pipeline. Construction of this pipeline will also provide another alternative for transporting gas to and from Michigan, benefiting not only Mich Con's customers, but other Michigan gas users as well. From the record before us, we hold that the proposed pipeline will serve the public convenience and necessity.

#### TransCanada's Petition to Intervene

The ALJ denied TransCanada's petition to intervene on the grounds that it lacked standing. TransCanada contends this ruling is erroneous for the following reasons: 1) it claims that the ALJ applied the wrong legal standard when considering the petition; 2) even if the proper standard was applied, the ALJ incorrectly ruled that TransCanada did not satisfy the standard; and 3) public

policy dictates that the petition to intervene should be granted. We will address each of these arguments in order.

TransCanada first contends that because it satisfied the requirements set forth in both Rule 11 of the Rules of Practice and Procedure, R 460.21, and MCR 2.209, it must be allowed to intervene. However, its reliance on these two rules is--at least in the present case--misplaced. Rule 11 and MCR 2.209 pertain only to the procedural requirements one must meet to participate in an ongoing proceeding. Underlying both rules is the presumption that the intervening party has standing to participate.

Before a party can either institute or intervene in a legal proceeding, it must have standing to do so. Mere interest in the outcome of the proceeding is insufficient; the party must satisfy the two-prong test established by the U.S. Supreme Court in Association of Data Processing Service, Inc. v Camp, 397 US 150, 90 S Ct, 827, 25 L Ed 2d 184 (1970) and applied to utility matters in Drake v The Detroit Edison Company, 453 F Supp 1123 (WD Mich, 1978). This test requires the party in question to show: 1) it suffered an "injury in fact;" and 2) that the interests allegedly damaged are within the "zone of interests" to be protected or regulated by the statute or constitutional guarantee in question. Drake, supra, p. 1127.

While we noted in our January 19, 1983 order in Case No. U-7117 that the requirements for intervention before this Commission are not quite as strict as those applied by the courts, we have never intimated that standing is a dispensable requirement. The ALJ was therefore correct in applying this two-prong analysis.

TransCanada next asserts that, even if this two-prong analysis applies, it meets both requirements. Again, we disagree.

TransCanada claims it faces imminent economic injury if this project is approved. It is undisputed that once all minimum purchase levels provided in Mich Con's existing gas supply contracts are satisfied, it can purchase the rest of its gas from the lowest-cost supplier. We further recognize that construction of this pipeline will give Mich Con access to additional gas suppliers. However, while this increase in supply options may lead Mich Con to purchase less gas from TransCanada in the future, this will not necessarily be the case. For example, if TransCanada offers the lowest price, it could preserve--or even increase--its current volume of sales to Mich Con. Because its potential economic injury is speculative at best, we find that TransCanada has not exhibited the requisite "injury in fact."

TransCanada also fails to satisfy the "zone of interest" test. The statute in question simply requires that the Commission:

"Examine and inquire into the necessity and practicability of such transmission line or lines and determine that such line or lines will, when constructed and in operation, serve the convenience and necessity of the public. . ." MCL 483.109.

The interests to be protected under this statute clearly fall into two classes. First, the utility's ratepayers are to be shielded from the cost of unnecessary construction while, at the same time, assured of sufficient gas at reasonable prices. Second, both local land owners and the general public must be protected from unwarranted damage to their property and the environment as a whole. However, nothing in the statute suggests it is intended to protect the competitive position of a gas supplier such as TransCanada.

TransCanada cites several cases where this and other commissions have permitted competitors to intervene solely to protect their financial interests. However, the statutes underlying each cited case either specifically grant com-

petitors the right to intervene or require that the particular commission consider the impact of its decision upon competitors. This is not true of Act 9 or, more particularly, MCL 483.109. Because TransCanada's interests are not "arguably within the zone of interests to be protected" by the statute in question, we find it has failed to satisfy this test as well.

TransCanada goes on to argue that, even if it fails to satisfy the two-prong test set forth in Drake, supra, granting its application to intervene would serve the public interest. The company asserts that its resources, expertise and financial motivation place it in the best position to challenge Mich Con's proposal. If its request to intervene is denied, TransCanada claims that insufficient examination will be made of both Mich Con's need for this pipeline and the project's environmental impact.

We recognize that situations arise in which a competitor is the best source of testimony on the issues of economic and environmental feasibility. However, we are not convinced that this is such a case. The Staff has been given direct responsibility for reviewing Mich Con's proposal and evaluating whether the pipeline will serve the convenience and necessity of the public. Nowhere is it argued that the Staff failed to carry out its duty. Due to the Staff's participation in this proceeding--as a neutral party, solely interested in protecting the public interest--we believe that any benefit derived from TransCanada's intervention would be outweighed by the delay and expense accompanying its involvement. We therefore deny its request to intervene in this case.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1929 PA 9, as amended, MCL 483.101 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1

et seq.; 1969 PA 165, MCL 483.151 et seq.; 1970 PA 127, MCL 691.1201 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.11 et seq.

b. The ALJ's ruling denying TransCanada's petition for leave to intervene should be affirmed.

c. The map, route and construction plan for the proposed pipeline should be approved.

d. The proposed pipeline is practicable in that it will provide an economic means of improved system reliability and supply back-up, which will further allow Mich Con to increase its gas supply diversification and purchasing flexibility.

e. The proposed pipeline will, when constructed and in operation, serve the convenience and necessity of the public.

f. The proposed pipeline will meet the requirements of the Michigan Gas Safety Code, if constructed, tested and operated as proposed.

g. The requirements of the Environmental Impact Review procedure, established by the State of Michigan Executive Order 1974-4, have been met.

THEREFORE, IT IS ORDERED that:

A. TransCanada Pipelines, Ltd.'s petition to intervene is denied.

B. Michigan Consolidated Gas Company is authorized to construct and operate the Belle River-St. Clair Pipeline, as proposed in its application filed on June 9, 1988.

C. The map, general route and type of construction of the Belle River-St. Clair Pipeline, as proposed, are approved.

D. Within 60 days after completion of these approved facilities, Michigan

Consolidated Gas Company shall file with the Commission a completion report including pressure test data and a map of the pipeline as constructed.

The Commission specifically reserves jurisdiction of the matters herein contained and the authority to issue such further order or orders as the facts and circumstances may require.

Any party desiring to appeal this order must perfect an appeal to the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

( S E A L )

/s/ William E. Long  
Chairperson

/s/ Steven M. Fetter  
Commissioner

I abstain.

/s/ Ronald E. Russell  
Commissioner

By the Commission and pursuant to  
its action of November 10, 1988.

/s/ Dorothy Wideman  
Its Executive Secretary

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the application of	)	
MICHIGAN CONSOLIDATED GAS COMPANY for	)	
approval of the construction and operation	)	Case No. U-9138
of the Belle River-St. Clair pipeline in	)	
St. Clair County, Michigan.	)	
	)	

At a session of the Michigan Public Service Commission held at its offices in the city of Lansing, Michigan, on the 21st day of March, 1989.

PRESENT: Hon. William E. Long, Chairperson  
Hon. Steven M. Fetter, Commissioner  
Hon. Ronald E. Russell, Commissioner

ORDER DENYING APPLICATION FOR REHEARING

On November 10, 1988, the Commission issued an order granting Michigan Consolidated Gas Company (Mich Con) authority to construct and operate a 24-inch O.D. natural gas pipeline (the Belle River-St. Clair pipeline) approximately three miles in length. This pipeline would begin at Mich Con's Belle River Mills storage facility in St. Clair County and extend east, under the St. Clair River, to the international border. At that point, the Canadian segments of the pipeline project would begin and ultimately terminate at Union Gas, Ltd.'s (Union) Bicksford compressor station in Lambton County, Ontario. In addition to granting Mich Con's application, the Commission's order rejected the request of TransCanada Pipelines, Ltd. (TransCanada) to intervene in this case.

Subsequently, TransCanada filed an application seeking rehearing of the Commission's November 10, 1988 order. Both Mich Con and the Commission Staff (Staff) filed responses opposing TransCanada's application for rehearing.

18-10-89  
3-21-89  
PS 15

### Application For Rehearing

Rule 52 of the Commission's Rules of Practice and Procedure provides that an application for rehearing may be based on claims of error, newly-discovered evidence, facts or circumstances arising after the hearing, or consequences resulting from compliance with the order. An application for rehearing is not merely another opportunity for a party to argue a position or to express disagreement with the Commission's decision. In reaching its decision, the Commission will have fully considered the record and all arguments. Unless a party can show the decision to be incorrect or improper because of errors, newly-discovered evidence, or unintended consequences of the decision, the Commission will not grant a rehearing.

TransCanada requests that we reverse our ruling on its petition to intervene, reopen these proceedings, and allow it to participate in this case. In support of this request, TransCanada argues that the Commission erred by applying the two-prong test set forth in Drake v The Detroit Edison Company, 453 F Supp 1123 (WD Mich, 1978), to determine whether it has standing to intervene. TransCanada further contends that, even if the two-prong standard does apply, it satisfies both prongs. First, TransCanada claims to have suffered an "injury in fact." Second, it asserts that, as a transporter of natural gas, a potential transportation customer on the Belle River-St. Clair pipeline, and the largest transportation customer of a competing pipeline, it falls within the "zone of interest" to be protected by the relevant statute. Finally, TransCanada claims that we erred in concluding that the Staff's participation would be sufficient to protect the public interest, a claim it feels was bolstered by the Staff's "friendly" cross-examination of Mich Con's witnesses.

Both Mich Con and the Staff respond that the application for rehearing

should be denied because TransCanada has not set forth any newly-discovered evidence, facts and circumstances arising after the hearing, or unanticipated consequences of the November 11, 1988 order. Instead, they assert TransCanada has simply renewed the arguments made in its earlier briefs. For example, while TransCanada contends we did not address the issue of whether the two-prong test or some lesser standard should be applied, Mich Con argues that we specifically addressed this point on page 5 of the order. TransCanada, it asserts, simply disagrees with our decision. Furthermore, the Staff claims that the argument regarding "friendly" cross-examination of Mich Con's witnesses is irrelevant. After investigating Mich Con's application, the Staff concluded that construction of the Belle River-St. Clair pipeline would serve the public convenience and necessity. Thus, the Staff asserts that it had no reason to attack the utility's proposal during the hearing; to do so would harm, rather than protect, the public interest. For these reasons, Mich Con and the Staff feel that the application for rehearing must be denied.

The Commission agrees with Mich Con and the Staff. All arguments raised by TransCanda regarding standing to intervene are essentially repeated from its pleading of September 16, 1988. In previously rejecting these arguments, we specifically found that the two-prong test set forth in Drake was applicable and that TransCanada satisfied neither the "injury in fact" nor the "zone of interest" tests. Based upon the record, we also found that the public interest was sufficiently protected by the Staff's participation. As nothing new has been raised and as the Commission remains convinced that TransCanada's petition to intervene was properly denied, we find no reason to reverse our prior decision. Accordingly, we deny TransCanada's application for rehearing.

### Subject Matter Jurisdiction

In addition to arguments raised in support of its application for rehearing, TransCanada asserts that this Commission lacks subject matter jurisdiction over the proposed pipeline. TransCanada therefore claims that we cannot issue a valid order authorizing construction of the Belle River-St. Clair pipeline. Although our November 10, 1988 order contained a brief finding regarding jurisdiction, no discussion of the issue was included. Thus, we take this opportunity to review the matter in detail.

In its August 17, 1988 motion to dismiss, TransCanada pointed out that, in addition to providing back-up supply pursuant to an exchange agreement between Mich Con and Union,<sup>1</sup> the pipeline could serve as part of a vast interstate and international distribution system. Natural gas could be obtained from producers throughout the United States, transferred to Union's system via the Belle River-St. Clair pipeline, and ultimately consumed in either New York or Ontario. As such, TransCanada argues that Sections 1 and 3 of the Natural Gas Act (NGA), 15 USC §717 and 15 USC §717b, respectively, give the federal government exclusive jurisdiction over this pipeline. Specifically, TransCanada claims that because Mich Con's application is, in part, a proposal to construct and operate facilities in interstate commerce, Section 1 of the NGA precludes state regulation of the pipeline. Similarly, TransCanada argues that Section 3 of the NGA gives the Federal Energy Regulatory Commission (FERC) exclusive jurisdiction over facilities, that, like the Belle River-St. Clair pipeline, will be used to import and

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<sup>1</sup>The record reflects that Mich Con and Union have agreed to loan each other up to 200 million cubic feet of natural gas per day in the event that either sustains an unanticipated supply shortfall; any gas so exchanged would be returned within six months.

export natural gas. Furthermore, TransCanada asserts that, in light of the decision in National Steel Corporation v Long, 689 F Supp 729 (WD Mich, 1988), we have no power to issue a certificate of public convenience and necessity for this pipeline. Finally, it argues that the Commerce Clause of the U.S. Constitution precludes all regulation of the proposed pipeline because the facility could be used for interstate commerce.

Mich Con responds that TransCanada is "fundamentally confused" about how jurisdiction over the proposed pipeline is apportioned between the FERC and this Commission. Mich Con recognizes that, to the extent that the transportation of gas through the pipeline is not intrastate in character, the rates and services will be subject to federal jurisdiction. Thus, Mich Con relies upon its existing blanket transportation certificate--authorized by the FERC in 1980--to cover any interstate transportation through the pipeline, and has applied to the FERC for authority to construct facilities to import and export gas pursuant to Section 3 of the NGA. However, Mich Con disagrees with TransCanada's assertion that once FERC authority is invoked under Section 3, state regulation is automatically and fully displaced. Instead, Mich Con argues, the FERC is only required to regulate intrastate transportation under Section 3 of the NGA where a "regulatory gap" exists, as indicated in Distrigas Corporation v Federal Power Commission, 495 F 2d 1057 (DC Cir, 1974). Because no such "regulatory gap" exists here, Mich Con asserts that this Commission can exercise jurisdiction over the Belle River-St. Clair pipeline to the extent that it is used for intrastate transportation.

Mich Con further argues that the decision in National Steel can be easily distinguished. Specifically, the utility points out that National Steel dealt with the movement of natural gas that was found to be entirely interstate in

nature and thus subject to the exclusive jurisdiction of the FERC. The present case, Mich Con argues, differs in that the Belle River-St. Clair pipeline will be used for intrastate transmission as well. Finally, Mich Con asserts that Commission regulation under 1929 PA 9, MCL 483.101 et seq. (Act 9), does not violate the Commerce Clause. Because it simply seeks Commission approval of the pipeline's construction, rather than the imposition of rates and terms of service that might impede interstate transportation, Mich Con argues that no unconstitutional burden on interstate commerce will result from our approval of its present application.

The Staff's briefs regarding jurisdiction support Mich Con's position. The Staff contends that potential use of the Belle River-St. Clair pipeline for interstate purposes does not abolish this Commission's jurisdiction over intrastate transportation through the same pipeline. Since at least part of the pipeline's use will be intrastate in nature, Michigan retains an important local interest in the project. Therefore, the Staff supports Mich Con's conclusion that this Commission has jurisdiction over the application in question.

The Commission agrees with Mich Con and the Staff that we possess subject matter jurisdiction over construction of the Belle River-St. Clair pipeline. Our conclusion is supported by the following four factors.

First, Act 9 gives this Commission general authority over intrastate transporters of natural gas. Among the powers vested in the Commission are jurisdiction over the construction and operation of gas transmission lines located within Michigan's borders. Specifically, Section 9 of Act 9, set forth at MCL 483.109, requires us to review, investigate, and approve proposals to build new transmission lines within this state. Thus, because the Belle River-St. Clair pipeline will be built entirely within Michigan's boundaries and used, at least

in part, for intrastate transportation, we have jurisdiction over Mich Con's present application.

Second, Section 1 of the NGA, which defines the general scope of federal jurisdiction over gas transportation, does not fully pre-empt our jurisdiction over the construction and operation of this pipeline. The parties agree that whenever the Belle River-St. Clair pipeline is used for interstate transportation, rather than for intrastate purposes, it will be subject to regulation by the FERC. Furthermore, the FERC's jurisdiction over the pipeline's interstate use will be exercised through Mich Con's blanket transportation certificate; the certificate, authorized by the FERC in 1980, allows Mich Con to transport gas in interstate commerce under Section 311(a) of the Natural Gas Policy Act of 1978 (NGPA), 15 USC §3301 et seq., as if it were an intrastate transaction. However, Section 284.3(c) of the FERC's regulations--found at 18 CFR §284.3(c)--indicates that jurisdiction established by Section 1 of the NGA shall not extend to the construction and operation of facilities used for transportation under Section 311(a) of the NGPA. Thus, based on the FERC's own regulations, Section 1 of the NGA does not preclude us from regulating this particular matter.

Third, as discussed in the Distrigas case, Section 3 of the NGA requires the FERC to exercise jurisdiction over intrastate transportation of imported or exported gas only where a "regulatory gap" exists. However, no such gap exists in the present case. All intrastate transportation along the Belle River-St. Clair pipeline will be regulated by this Commission pursuant to Act 9; all other transportation will be controlled, directly or indirectly, by the FERC. Due to the absence of this "regulatory gap," Section 3 of the NGA does not automatically pre-empt state jurisdiction over intrastate transmission along this pipeline.

Fourth, neither the National Steel case nor the Commerce Clause precludes our exercise of Act 9 jurisdiction over the proposed facility. As Mich Con correctly asserts, National Steel is distinguishable; unlike the present case, it dealt solely with the interstate transportation of gas. Mich Con is also correct in its assertion that our review of the utility's proposal, pursuant to Act 9, does not unconstitutionally burden interstate commerce. As noted in Indiana & Michigan Power Company v Public Service Commission, 405 Mich 400 (1979), reh den 406 Mich 1119 (1979), the mere fact that some interstate commerce is involved does not foreclose the state from regulating some aspect of a utility's operations. The state can exercise power over matters of local concern, even though the regulation affects interstate commerce, so long as it does not impede the free flow of commerce. "Whether a state regulation unconstitutionally burdens commerce must be evaluated in light of the nature and extent of the burden that would be imposed and the state and national interests at stake." (405 Mich at 416.)

In the present case, the only burden alleged is that we might establish burdensome rates and terms for the transportation of gas over the Belle River-St. Clair pipeline. However, as Mich Con notes, this proceeding concerns only approval for the construction and operation of the pipeline; TransCanada's fears about our setting burdensome terms and rates are both speculative and beyond the scope of the present case. Thus, no unconstitutional burden can be imposed either by today's ruling or our November 10, 1988 order. Therefore, based on these four factors, we reject TransCanada's claim that the FERC has exclusive jurisdiction over the proposed pipeline.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1929 PA 9, as amended, MCL 483.101 et seq.;

1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 165, MCL 483.151 et seq.; 1970 PA 127, MCL 691.1201 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, 1979 Administrative Code, R 460.11 et seq.

b. Neither the NGA, federal case law, nor the Commerce Clause of the U.S. Constitution pre-empts the exercise of our jurisdiction in this case.

c. TransCanada's December 12, 1988 application for rehearing should be denied.

THEREFORE, IT IS ORDERED that the application for rehearing filed by TransCanada Pipelines, Ltd. on December 12, 1988 is denied.

The Commission specifically reserves jurisdiction of the matters herein contained and the authority to issue such further order or orders as the facts and circumstances may require.

Any party desiring to appeal this order must perfect an appeal to the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

( S E A L )

/s/ William E. Long  
Chairperson

By the Commission and pursuant to  
its action of March 21, 1989.

/s/ Steven M. Fetter  
Commissioner

/s/ Dorothy Wideman  
Its Executive Secretary

/s/ Ronald E. Russell  
Commissioner



## National Energy Board

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# Reasons for Decision

## **St. Clair Pipelines Ltd. and TransCanada PipeLines Limited**

**GH-3-88**

**October 1988**

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**Pipeline Facilities**

## **National Energy Board**

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### **Reasons for Decision**

In the Matter of

### **St. Clair Pipelines Ltd. and TransCanada PipeLines Limited**

Applications to Authorize the Construction of  
Facilities to Transport Gas Across the St. Clair  
River

**GH-3-88**

**October 1988**

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## Abbreviations

Act	<i>National Energy Board Act</i>
ANR	ANR Pipeline Company
Bcf	billion cubic feet
Board	National Energy Board
Consumers'	The Consumers' Gas Company Ltd.
FERC	(United States) Federal Energy Regulatory Commission
GMI	Gaz Métropolitain, inc.
Great Lakes	Great Lakes Gas Transmission Company
ICG	ICG (Ontario) Ltd.
km	kilometre(s)
kPa	kilopascal(s)
LDCs	local distribution companies
m	metre(s)
m <sup>3</sup>	cubic metre(s)
m <sup>3</sup> /d	cubic metre(s) per day
mg/l	milligrams per litre
MichCon	Michigan Consolidated Gas Company
mm	millimetre
MMcfd	million cubic feet per day
MNR	Ontario Ministry of Natural Resources
MoE	Ontario Ministry of Environment
NOVA	NOVA Corporation of Alberta
NPS	nominal pipe size (in inches)
O.D.	outside diameter

OEB	Ontario Energy Board
Panhandle	Panhandle Eastern Pipeline Co.
Polysar	Polysar Hydrocarbons Limited
St. Clair	St. Clair Pipelines Ltd.
TOPGAS	Topgas Holdings Limited and Topgas Two Inc.
TransCanada	TransCanada PipeLines Limited
Union	Union Gas Limited
U.S.	the United States of America
WGML	Western Gas Marketing Limited

## Recital and Appearances

IN THE MATTER OF the *National Energy Board Act* and the Regulations made thereunder; and

IN THE MATTER OF an application by St. Clair Pipelines Ltd., pursuant to section 49 of the *National Energy Board Act*, to authorize the construction of certain facilities across the St. Clair River, and

IN THE MATTER OF an application by TransCanada PipeLines Limited, also pursuant to section 49 of the *National Energy Board Act*, to authorize the construction of 3.3 km of pipeline loop on TransCanada's Dawn Extension.

HEARD at Ottawa, Ontario on 20, 21, 22, 23, 26 and 27 September 1988.

BEFORE:

A.B. Gilmour	Presiding Member
J.R. Jenkins	Member
R.B. Horner, Q.C.	Member

APPEARANCES:

D.G. Hart, Q.C.	St. Clair Pipelines Ltd.
J.M. Murray J.H. Francis J.A. Schatz	TransCanada PipeLines Limited
T.G. Kane	ANR Pipeline Company
J. H. Farrell	The Consumers' Gas Company Ltd.
L.-C. Lalonde	Gaz Métropolitain, inc.
J.A. Giffen	Gout, Mr. Peter
J.H. Smellie	ICG Utilities (Ontario) Ltd.
R.J. Harrison	Michigan Consolidated Gas Company
K.L. Meyer	Pan-Alberta Gas Ltd.
N.J. Schultz J. Burke-Robertson	Tennessee Gas Pipeline Company
L.A. Leclerc	Trans Québec & Maritimes Pipeline Inc.
B.H. Kellock	Union Gas Limited

J.D. Murphy

G. McNamara

Alberta Petroleum Marketing Commission

P.D. Morris  
K. Mullins

Minister of Energy for Ontario

J. Giroux

Procureur général du Québec

H. Soudek

National Energy Board

# Chapter 1

## Background

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### 1.1 The Application of St. Clair

By application dated 15 June 1988, St. Clair Pipelines Ltd. ("St. Clair") applied to the National Energy Board (the "Board") for an order pursuant to section 49 of the *National Energy Board Act* (the "Act"), exempting St. Clair from certain sections of the Act or, alternatively, a certificate of public convenience and necessity pursuant to section 44 of the Act. Approval by the Board of either application would have the effect of authorizing the construction and operation of a 700-m pipeline crossing of the St. Clair River. The pipeline would extend from the facilities of Michigan Consolidated Gas Company ("MichCon") at the international border under the centre of the St. Clair River, to a proposed extension to Union Gas Limited's ("Union") system in southwestern Ontario. Both St. Clair and Union are wholly-owned subsidiaries of Unicorp Canada Corporation.

St. Clair also applied to the Board, pursuant to section 50 of the Act, for an order approving the toll to be charged in respect of the proposed pipeline. However, upon learning that the Board regulates the tolls for small pipelines on a complaint basis, St. Clair withdrew this portion of its application by letter dated 2 August 1988.

The proposed 610-mm outside diameter ("O.D.") pipeline would connect the gas distribution and storage facilities of MichCon with those of Union. This would permit the exchange of gas between these two utilities under emergency or other conditions, and could serve as a new gas export or import point. In respect of the latter possibility, St. Clair stated in the application that one of the purposes of its pipeline was to provide eastern Canadian gas users with access to competitively priced American gas. St. Clair submitted that, by tying into American gas supply and storage sources, the security of supply to eastern Canadian customers would be enhanced.

The river crossing would be installed by directional drilling. Using this technique, a tunnel would be bored from the American to the Canadian side of the river. The entire length of pipe to be used for the river crossing would be assembled on the Canadian side of the river and pulled back through the bore hole to connect with MichCon's facilities on the American side. Construction was scheduled to begin in late summer 1988 and the pipeline was intended to be in service by 1 November 1988. Construction of the pipeline was to be contracted out to Union.

St. Clair's applied-for facilities consisted of 400 m of 12.9-mm wall thickness pipe under the river and 300 m of 10.7 mm wall thickness pipe from the river to Union's proposed connecting facilities. No valving or measurement facilities were included in the application. The facilities were estimated to cost \$1,375,000 and were intended to provide a planned capacity of  $5\,660\,10^3\text{m}^3/\text{d}$  (200 MMcfd). The maximum design operating pressure was given as 9 420 kPa.

The custody transfer metering for the St. Clair pipeline would be located at MichCon's Belle River Mills compressor station. Pursuant to the tri-party agreement, St. Clair and Union would have access to all measurement information. Union proposed to install check metering facilities on its proposed St. Clair-Bickford Line approximately 5 km from the St. Clair pipeline.

To connect the St. Clair pipeline to the existing Union system, Union had applied to the Ontario Energy Board ("OEB") for approval to construct and operate an 11.73 km pipeline extension, known as the St. Clair-Bickford Line. MichCon also indicated its intention to construct 4.75 km of pipeline to connect its system at the Belle River Mills compressor station to the St. Clair pipeline.

The Board received letters in support of St. Clair's application from Gaz Métropolitain, inc. ("GMi") and ICG Utilities (Ontario) Ltd. ("ICG") dated 12 and 18 July 1988, respectively. The Board also received a letter dated 28 June 1988 from TransCanada PipeLines Limited ("TransCanada") which raised a number of concerns about the proposed connection between MichCon and Union. Firstly, TransCanada raised the possibility that the Board should have jurisdiction over Union's St. Clair-Bickford line. Secondly, TransCanada indicated that it had a pipeline proposal to advance as an alternative to St. Clair's proposed facilities. Finally, TransCanada recommended that these issues would most appropriately be dealt with by way of a public hearing.

On 29 July 1988, the Board issued Order No. GH3-88 setting St. Clair's application down for a hearing. The hearing order also stated the Board's decision, pursuant to section 11(b) of the Act, to hear and decide the question of jurisdiction over the proposed St. Clair-Bickford Line.

In response to TransCanada's suggestion that it had an alternative proposal, the Board directed TransCanada to provide details of its alternative by 29 August 1988.

## **1.2 The Application of TransCanada**

By letter dated 29 August 1988, TransCanada submitted an application, pursuant to section 49 of the Act, for authorization to construct 3.3 km of 914 mm O.D. pipeline loop on TransCanada's Dawn Extension. The application detailed TransCanada's proposal to provide additional transportation service to Union and to other eastern Canadian local distributing companies ("LDCs"). The applied-for facilities were to commence from the terminus of a recently authorized pipeline loop at mainline valve 501 + 8.8-km. TransCanada also proposed modifications to its existing Dawn meter station to accommodate the increased flows. The applied-for facilities were estimated to cost \$2,923,000.

TransCanada indicated that the proposed facilities would enable it to offer an incremental 1 500  $10^3\text{m}^3/\text{d}$  (53 MMcf/d) of firm service and 5 660  $10^3\text{m}^3/\text{d}$  (200 MMcf/d) of interruptible service. In its submission, TransCanada noted that this was the only capacity that St. Clair had contracted for, to date. TransCanada offered to undertake all necessary steps to have the 3.3 km of pipeline in service by 1 November 1988.

The proposed facilities would be located within TransCanada's multiple-line rights easement, thereby requiring additional temporary work space of only 10 m in width along its length, affecting 10 owners of land.

TransCanada submitted that, by eliminating an unnecessary duplication of facilities, significant cost savings could be realized. As well, it pointed out that its proposed facilities did not raise the types of environmental and land use issues that are normally associated with the provision of a new utility corridor, as envisaged by St. Clair's proposal.

On 31 August 1988, the Board issued Amending Order AO-1-GH-3-88, advising interested parties that it would consider both St. Clair's and TransCanada's application at the same proceeding.

### **1.3 Disposition of the Jurisdiction Issue**

The pipeline proposed by Union, to connect its system to St. Clair's proposed facilities, would terminate at Union's Bickford storage pool compressor station. Union did not apply to the Board for authorization to construct the proposed connecting facilities known as the St. Clair-Bickford Line, having applied, instead, to the OEB, as noted above; however, the issue of jurisdiction over the St. Clair-Bickford Line was raised by TransCanada in a letter dated 28 June 1988.

During the OEB hearing of Union's application to construct the St. Clair-Bickford Line, TransCanada brought a motion for an order declaring that the subject matter of Union's application was not within the jurisdiction of the OEB but rather was within the exclusive jurisdiction of the Board. The OEB heard evidence and argument on TransCanada's motion. The motion was dismissed pursuant to the OEB Decision with Reasons issued 2 September 1988 in respect of Union's application.

By letter dated 13 September 1988, TransCanada advised the Board that it intended to seek leave to appeal the decision of the OEB in respect of the question of its jurisdiction over the St. Clair-Bickford Line to the Ontario Divisional Court. As a result of this development, the Board, in a telex to parties of record dated 15 September 1988, questioned whether it was appropriate for it to proceed to hear and decide the question of jurisdiction over the St. Clair-Bickford Line in view of the fact that this question could shortly be *sub judice*.

The Board noted that it should avoid initiating a procedure which could result in proceedings in two different courts on similar issues and questions since duplication of proceedings is neither desirable nor productive. In this regard, the Board reminded parties of the decision of the Ontario Court of Appeal in respect of a Reference by the Lieutenant Governor in Council of Ontario concerning the legislative authority in relation to bypass pipelines (issued 15 February 1988; unreported). In that decision, the Court noted "the adverse effect on the administration of justice which results from the inconvenience, confusion, cost and delay caused by multiplicity of proceedings". The Court of Appeal further noted that "the courts have time and again emphasized the practical reasons for avoiding duplication and the unnecessary burden it places on them".

At the opening of the hearing, the Board heard submissions from parties of record on whether it should proceed to hear and decide the jurisdictional question.

The Board decided that it would not hear and decide the question of jurisdiction over the St. Clair-Bickford Line in the GH-3-88 proceeding. Notwithstanding this decision, the Board noted that it intended to consider all aspects of the St. Clair project and, in this context, would examine the nature and purpose of the connecting facilities in order to determine the merits of the applications before it.

## Chapter 2 The Evidence

---

### 2.1 St. Clair's Project

#### 2.1.1 Gas Supply

Union testified that it was currently finalizing its tender call with American suppliers for 142  $10^6\text{m}^3$  (5 Bcf) per year each of firm and interruptible gas supply. It added that bids for this supply had been received and that negotiations were in the final stages. Thus, final supply contracts had not been executed. It was Union's intention to initially contract for a one-year gas supply, to be followed by attempts to complete longer-term gas supply arrangements. Union testified that price would determine where it purchased its gas supply. It added that American spot gas, which is available in the summer, had recently been the least expensive source of supply.

Union noted that it would prefer to contract for western Canadian-sourced gas supply, assuming that it was priced competitively with American supply.

TransCanada argued that, while Union had testified that gas supply negotiations for 142  $10^6\text{m}^3$  (5 Bcf) per year each of firm and interruptible service were in the final stages with American suppliers, Union had failed to adduce any evidence to that effect. TransCanada also argued that the project sponsors had failed to furnish a gas supply/demand balance to demonstrate adequate gas supply, and had failed to adduce evidence to demonstrate that American gas suppliers would, in fact, be receptive to negotiating long-term, competitively priced, gas supply contracts. Therefore, it was TransCanada's position that St. Clair had failed to demonstrate that gas supply was committed to its project.

#### 2.1.2 Gas Markets

Union indicated that the proposed St. Clair facilities would be used to access firm and interruptible gas supplies sourced from either the United States ("U.S.") or Canada. The facilities could also be used to export American or Canadian-sourced gas including, possibly, synthetic natural gas ("SNG") under contract with Petrosar Limited.

Union's own firm requirements were identified as 425  $10^3\text{m}^3/\text{d}$  (15 MMcfd) in the first year, rising to 850  $10^3\text{m}^3/\text{d}$  (30 MMcfd) and to 1 275103  $\text{m}^3/\text{d}$  (45 MMcfd) for the contract years beginning 1 November 1989 and 1990 respectively. The annual growth in Union's gas demand was forecasted by a witness for the Company to be in the range of 85  $10^6\text{m}^3$  (3 Bcf) to 142  $10^6\text{m}^3$  (5 Bcf). A much higher growth rate was envisaged in the demand for gas storage and transportation.

Evidence filed showed that St. Clair and GMi are currently considering a sales agreement, pursuant to which St. Clair would make available to GMi supplies of gas from the least expensive sources. St. Clair noted that the negotiations with GMi resulted from a forecasted gas supply shortage due to constraints on transportation capacity.

In addition to GMi, The Consumers' Gas Company Ltd. ("Consumers"), Northridge Petroleum Marketing, Inc. ("Northridge"), and Vector Energy Inc. ("Vector") also advised St. Clair of their

interest in contracting for pipeline capacity, depending upon whether the landed price of the gas was competitive with alternatives. Consumers' indicated that it would discuss its transportation needs with St. Clair further, once all the requisite authorizations with respect to the proposed and associated facilities had been received.

St. Clair testified that these letters of interest justified construction of the proposed facilities.

In support of its application, St. Clair testified that the proposed facilities would enhance the marketability of Canadian gas in both the Canadian domestic and American markets, although it was unable to produce any studies or documentation to that effect.

Union noted that it would not be an export shipper on the St. Clair pipeline, although another Unicorp company could be. St. Clair identified the U.S. northeast and midwest, and the State of Michigan as possible export markets. Specifically, MichCon was identified as a prospective customer of Canadian-sourced gas exported through the St. Clair pipeline. St. Clair added that it could also serve any American markets currently connected with the ANR Pipeline Company ("ANR") interstate system.

TransCanada noted that St. Clair had failed to furnish any details of the market requirements, or any sales contracts or precedent agreements underpinning the proposed facilities. It argued that the letters from GMi, Consumers' and others, were no more than expressions of interest in contracting for the St. Clair pipeline capacity. Therefore, TCPL suggested that the proposed facilities were premature.

ICG rejected TransCanada's position that the facilities were premature. Instead, ICG argued that the St. Clair project should be viewed as being innovative and responsive to the complex issues facing the industry at this time.

### **2.1.3 Security of Supply**

St. Clair submitted that its proposed connection with American facilities would enhance the security of supply to Canadian consumers in Ontario and Quebec. St. Clair testified that, by pooling storage facilities in Ontario and Michigan and by accessing alternative supplies, its proposed pipeline interconnection would benefit consumers on both sides of the border. Union testified that it had several "core" type direct purchasers on its system, which it believed required the company to have a back-up supply source in the event of a supply disruption.

Union and GMi expressed their concern regarding future security of gas supply, in light of increasing capacity constraints on the NOVA Corporation of Alberta ("NOVA"), Great Lakes Gas Transmission Company ("Great Lakes") and TransCanada pipeline systems.

MichCon testified that the exchange agreement negotiated with Union would allow gas to be freely exchanged across the border and would assist Union and MichCon, as well as their respective customers, to meet peak-day requirements and alleviate gas supply shortages caused by emergency situations. The agreement provides for short-term exchanges or borrowing of gas for a period of up to six months. St. Clair referred to the agreement as the cornerstone of the security of supply enhancement offered to eastern Canada by the St. Clair Project.

St. Clair noted that the TransCanada/Great Lakes proposal did not enhance security of supply since it offered neither direct or independent access to Michigan storage, nor a new link to the diverse sources

of American gas supply. St. Clair argued that an alternate supply option was important, given the current difficulties in negotiating contracts for gas supply beyond 1 November 1988, the effects of TransCanada's commitments to the Topgas Holdings Limited and Topgas Two Inc. ("TOPGAS") covenants, and TransCanada's refusal to transport gas which displaces gas supply under contract with Western Gas Marketing Limited ("WGML").

It was TransCanada's position that, while it did not dispute the benefits of linking Michigan and Ontario storage facilities, security of supply to eastern Canadian consumers is already offered by the existing storage facilities and the existing Panhandle Eastern Pipeline Co. ("Panhandle") and TransCanada/Great Lakes systems. TransCanada acknowledged the enhancement of security of supply inherent in the St. Clair proposal, but believed it to be marginal.

From security of supply and supply enhancement perspectives, Consumers' argued that the existing Panhandle alternative could not be considered reliable. Similarly, Consumers' expressed concern regarding the regulatory lag inherent in the TransCanada proposal, the result of the required 7(c) *Natural Gas Act* certificate proceedings in the U.S. before the Federal Energy Regulatory Commission ("FERC"). For these reasons, and others, Consumers' argued that the TransCanada proposal could not be counted upon in the upcoming heating season. Consumers' noted that two of the long-term benefits of the St. Clair project would be enhanced security of supply, and accessibility to a diverse supply of competitively priced gas.

In response to Consumers' position that the Panhandle system did not represent a reliable alternative, TransCanada noted that this interconnection had been used to import as much as  $708 \times 10^9 \text{m}^3$  (25 Bcf) per year of American gas.

ICG argued that the independence of the St. Clair pipeline and its ability to tap diverse sources of supply would enhance supply security.

Union submitted that the St. Clair Project would offer a new link between Canadian consumers and American gas supply, pipeline and storage facilities, thereby enhancing security of supply. It argued that this position was not disputed by TransCanada. Union noted that the current impasse in the renegotiation of western Canadian gas supply contracts, and the current and anticipated capacity restrictions on the NOVA and TransCanada pipeline systems, had forced Union to pursue alternatives such as the St. Clair project.

St. Clair testified that  $16.52 \times 10^9 \text{m}^3$  (583 Bcf) of working storage existed in Michigan, virtually all of which was accessible through the MichCon system. MichCon testified that it had  $4.25 \times 10^9 \text{m}^3$  (150 Bcf) of storage. Union stated that there was approximately  $0.57\text{-}0.71 \times 10^9 \text{m}^3$  (20-25 Bcf) of storage in Ontario that could be economically developed. This was in addition to the  $2.83 \times 10^9 \text{m}^3$  (100 Bcf) of storage already developed by Union.

#### **2.1.4 Existing Connections**

St. Clair and Union argued that there was a clear need for the facilities notwithstanding existing international pipeline connections in Windsor and Sarnia. The Panhandle system, a major American interstate pipeline, is linked with the Union system via a dual 304 mm O.D. (nominal pipe size ("NPS") 12) crossing of the Detroit River near Windsor. St. Clair submitted that the Panhandle system did not offer the advantage of accessing competitively priced supplies through other major American

pipeline systems. Secondly, its rates were non-competitive for short haul service and, finally, there was no firm capacity available on the Panhandle system. Although Union had imported  $708 \times 10^6 \text{m}^3$  (25 Bcf) through the Panhandle Line, during at least one previous year, the firm capacity of the interconnection was given as less than  $0.85 \times 10^6 \text{m}^3/\text{d}$  (30 MMcfd). Union explained that the total capacity available for imports from Panhandle varies depending upon its operations in the Windsor area.

The other existing international connection in the area is the Great Lakes/TransCanada dual 610-mm O.D. (NPS 24) river crossing adjacent to the site of the proposed St. Clair pipeline. The Great Lakes system interconnects with, among others, the ANR, MichCon and Panhandle pipeline systems. St. Clair submitted that Great Lakes was not an open access pipeline and, therefore, was not required to provide non-discriminatory service. Union submitted that it was unable to arrive at an acceptable service agreement after two years of negotiations with Great Lakes. Union also submitted that this link did not offer a direct connection between storage pools in Michigan and Ontario.

### **2.1.5 Capacity and Flexibility**

The proposed St. Clair pipeline would have a nominal capacity of  $5\,660 \times 10^3 \text{m}^3/\text{d}$  (200 MMcfd) in either direction. This capacity is based upon the minimum pressure at the international boundary as specified in the operating agreement. However, in the east to west direction, the capacity would be reduced to  $3\,504 \times 10^3 \text{m}^3/\text{d}$  (125 MMcfd) on certain days due to operating restrictions. In the west to east direction, the firm capacity varies from  $2\,830 - 5\,660 \times 10^3 \text{m}^3/\text{d}$  (100-200 MMcfd) on a seasonal basis due to restrictions on the Union facilities. Principal among these is the requirement to use the downstream Bickford-Dawn Line for storage injection and withdrawal, thereby restricting the availability of this line for movements to and from St. Clair.

Evidence indicated that the west-to-east capacity of the proposed St. Clair pipeline could be raised to  $14\,160 \times 10^3 \text{m}^3/\text{d}$  (500 MMcfd) by the completion of a second Bickford-Dawn Line at a cost of \$9 million and by adding facilities to the MichCon system in the order of \$(U.S.)17 million. However, this could also require additional facilities on the Union system and on the ANR system. The ultimate capacity of the proposed pipeline, based upon discharge of the gas at the maximum allowable operating pressure at Belle River Mills and assuming construction of a second Bickford-Dawn Line, would be approximately  $31\,700 \times 10^3 \text{m}^3/\text{d}$  (1,120 MMcfd).

### **2.1.6 Competition**

St. Clair stated that its proposal would result in increased competition because it would provide access to new supply sources for Canadian consumers and distributors and, moreover, would enhance access to both domestic and American markets for Canadian producers. Through a new link with MichCon, which has a direct connection with ANR, an open access pipeline, a connection would be provided to American suppliers in the Gulf Coast, Panhandle and Rocky Mountain districts. Furthermore, it was stated that the St. Clair proposal would provide an alternate link with western Canadian gas through Northern Border.

St. Clair also pointed out that the availability of an alternative to TransCanada's pipeline would increase the competition for gas transportation. A witness for St. Clair stated: "TransCanada has two arms. It is a transportation company, which is the monopoly long distance carrier in Canada and which owns 50 percent of Great Lakes. It also sells 78 percent of the gas sold in eastern Canada. It

is the interconnection between these two which in my view makes the public benefits of an independent link paramount." In this regard, a witness for Union added that the main advantage of the St. Clair line might be the leverage it provided in negotiations with TransCanada and its agent, WGML.

Consumers', GMi, ICG, Union and Northridge agreed with St. Clair with respect to the advantages of increased competition in supply and transportation. Counsel for Consumers' pointed out that the existence of a competitive transportation service should compel TransCanada to move into the role of a proactive and innovative participant in a competitive environment.

TransCanada agreed that increased competition between suppliers was consistent with the 1985 Agreement and with free trade, but it questioned the advantages of transportation competition. In this regard, TransCanada noted that regulatory bodies such as the Board are intended to be a proxy for competition. St. Clair responded that competition could always assist the Board in fulfilling its mandate.

### **2.1.7 Accessibility**

St. Clair testified that the pipeline's bidirectional capacity of 5 665 10<sup>3</sup>m<sup>3</sup>/d (200 MMcfd) would be available to all prospective shippers on a non-discriminatory basis. St. Clair noted that under the terms of the agreement for transportation services, entered into between itself and Union, Union had fully contracted the available capacity, but was contractually committed to relinquish any unutilized capacity to other shippers on a non-discriminatory basis. St. Clair testified that, by having Union contract for the full capacity, the pipeline's financial viability would be assured.

Union confirmed that it was prepared to relinquish any unused pipeline capacity to any party wanting access.

Under the terms of the agreement, Union's relinquishment of unutilized capacity is subject to four conditions, intended to ensure that the "use it, or lose it" principle is adhered to. St. Clair noted that the determination of a legitimate request for capacity rests with Union. St. Clair testified that transportation service would be subject to terms and conditions to be incorporated into a transportation contract which, at the time of the hearing, was in the drafting stage. A third party, such as an LDC or broker, would thus contract with St. Clair for pipeline capacity and would be subject to the same terms and conditions as Union.

In accordance with the operating agreement entered into between MichCon, Union and St. Clair, the volumetric capacity of their respective pipelines would be allocated on a "first come, first served" basis, with firm service having priority over interruptible. Should there be insufficient capacity, firm service would be curtailed or interrupted on a pro rata basis, in accordance with the contracted volumes. In addition, interruptible service would be made available to the extent there was capacity and service would be subject to curtailment in accordance with the conditions specified in the agreement.

With respect to access to the MichCon system, MichCon submitted that a section 7(c) order from the FERC would not be necessary. However, a Presidential Permit or section 3 authorization from the FERC, and a Facilities Certificate from the Michigan Public Service Commission ("MPSC"), were

required and MichCon testified that substantial progress had been made towards obtaining these. St. Clair noted that MichCon would offer its services on a non-discriminatory and competitive basis.

With respect to access to the St. Clair-Bickford Line, Union testified that it was operated as an open system and that the terms and conditions of service that would apply to this line were those that were currently in effect for transportation service elsewhere on its system.

Union noted, with respect to its own gas supply, that it had executed the necessary transportation agreements with St. Clair and MichCon, and that the transportation arrangements with ANR were being finalized.

### **2.1.8 Environmental Issues**

St. Clair's river crossing would be located 6 m below the St. Clair River bed. The crossing would be directionally drilled and the pipe prefabricated, tested and pulled from temporary work space within Ontario Hydro fee lands.

In support of its application, St. Clair provided environmental material including borehole data, a statement of required regulatory approvals, and a report by its consultant respecting drilling fluid handling and containment procedures.

In its evidence, TransCanada suggested that the environmental impact of the St. Clair facilities, in conjunction with those of Union and MichCon, exceeded the impacts of TransCanada's proposed alternative. It was subsequently established that the considerations of the Board were limited solely to the facilities proposed in the St. Clair application.

During the hearing there was discussion of the possible environmental implications of the project. Some of the issues raised included regulatory approvals, borehole log and river bed analysis and drilling mud additives, toxicity and reclamation.

St. Clair indicated that regulatory approvals were required from the Canadian Coast Guard, the International Boundaries Commission, Ontario Hydro, the Township of Moore, the County of Lambton, Bell Canada, the Ontario Ministry of Natural Resources ("MAR"), the St. Clair Region Conservation Authority, the St. Clair Parkway Commission, and the Ontario Ministry of Environment ("MoE"), and indicated that all regulatory approvals had been obtained. MichCon indicated that of the ten U.S. regulatory authorizations required, four had been secured and the remaining six were under consideration,

St. Clair provided the results of two 6 V2-inch borehole logs taken from the banks of the St. Clair River in the Township of Moore, Ontario, and East China Township, Michigan. These logs, together with river bottom soundings, were used to determine to what depth directional drilling would be required and the probable strata through which the drilling would pass.

During examination, TransCanada suggested that additional boreholes should have been performed across the river bed to provide a better indication of substrata. It further suggested that the results of the crossing by Polysar Hydrocarbons Limited ("Polysar"), was not a reliable indicator of a continuous clay layer at St. Clair's crossing because the former was located 11 kilometres upstream.

MichCon, as the principal co-ordinator of the directional drilling contract, introduced further evidence which indicated that directional drilling was selected due to the minimum environmental disturbance created by the process. It indicated that discussions with Polysar and with Polysar's prime contractor and sub-contractors suggested a correlation of soil borings between the two locations and supported the conclusion that at the location of the St. Clair project a continuous clay layer existed under the river bed. Therefore, no complications or problems with contamination were expected.

Directional drilling normally involves the use of a directionally controlled water jet to create a small diameter pilot bore 6-10 m beneath the river bed. The pilot hole is then back-reamed to the desired diameter and the prefabricated pipeline string is pulled through the hole. To assist the operation, drilling mud is pumped into the borehole to lubricate the drill bit, stabilize the bore and remove the cuttings.

St. Clair provided information respecting the drilling fluid composition, the collection (sump) pit design for drilling fluid containment, the results of laboratory testing to separate the supernatant (water) from suspended solids, and correspondence from the MoE regarding the appropriate testing and disposal methods.

During examination, TransCanada questioned the possibility of the drilling fluid becoming contaminated by the seepage of sediments from the river bed. St. Clair indicated that the testing of sludge by MoE would detect any contamination.

The potential effects of chemical contamination due to drilling fluid additives was also raised by TransCanada. MichCon stated that the drilling fluid would only consist of bentonite and water.

Drilling fluid separation and disposal were also raised as issues during the hearing. St. Clair's evidence indicated that a collection pit of 0.32 hectares of surface area with a 2.1 m depth would be required to contain an estimated 3 860 m<sup>3</sup> (1.0 X 10<sup>6</sup> gallons) of generated drilling fluids. That fluid would be mixed with polyaluminium chloride (Alumex 2) and an anionic polymer (Alchem 85030), at rates of 500 and 200 mg/l, to produce, by MoE standards, water of sufficient quality for reintroduction to the St. Clair River, and a sludge of 14 percent solids, which is considered to be inert landfill suitable for disposal at an unregistered landfill site. The quality of water to be returned to the river and the method of sludge disposal would be monitored by MoE.

TransCanada's examination also focussed on the limit of chemical additives that could be present before the treated waste would be subject to Ontario Regulation 309, Waste Management - General Regulations. No evidence was provided to establish that limit. MichCon and St. Clair confirmed that the chemicals were common water purification additives. Further, it was established that, if Ontario Regulation 309 applied, a registered waste disposal site operated by Tricil (Sarnia) Limited existed in Sarnia.

The requirements for the land proposed to be occupied by St. Clair include a licence of occupation from the MNR and easements from Ontario Hydro and one private owner. Each easement would have a width of six metres. In addition, St. Clair would require 10.75 hectares of temporary work space from Ontario Hydro to prefabricate and test the river crossing pipeline and to excavate the drilling fluid sump. In securing those lands, St. Clair served notices of land acquisition, pursuant to section 75(1) of the Act, on Ontario Hydro and the one private owner. Further, St. Clair has reached agreement for the easement and licence of occupation with Ontario Hydro and the MNR.

## **2.2 TransCanada's Project**

### **2.2.1 Capacity and Flexibility**

TransCanada's proposed pipeline loop on the Dawn Extension would provide firm capacity to move  $1.5 \times 10^6 \text{m}^3/\text{d}$  (53 MMcfd) from MichCon's Belle River Mills compressor station to Union's Dawn compressor station. TransCanada also indicated that there would be, on average,  $6.2 \times 10^6 \text{m}^3/\text{d}$  (218 MMcfd) of interruptible service available from Belle River Mills to Dawn and in excess of  $14.3 \times 10^6 \text{m}^3/\text{d}$  (400 MMcfd) on occasion.

TransCanada moves gas from Emerson, Manitoba to the Dawn Extension pursuant to its T-4 contract with Great Lakes. TransCanada previously applied to the Board and received approval to construct 8.8 km of pipeline loop on the Dawn Extension, in order to allow for anticipated increased T-4 transportation on Great Lakes. However, TransCanada indicated that this anticipated increase in the contract did not occur and therefore the incremental capacity being provided on the Dawn Extension could be available to provide interruptible service from Belle River Mills to Dawn. TransCanada testified that it would require transportation on Great Lakes in excess of its T-4 contract in order to meet its firm requirement for 1988-89. This overrun service would have priority over the interruptible service between Belle River Mills and Dawn. TransCanada also testified that it moves interruptible volumes from western Canada via its T-4 Great Lakes contract and that such volumes would also have priority over the interruptible volumes originating at Belle River. These factors, in addition to the requirements of other Great Lakes shippers, would reduce the capacity available for interruptible service from Belle River Mills to Dawn.

MichCon testified that, subject only to a review of its metering facilities, it would not require any additional facilities to deliver  $5.66 \times 10^6 \text{m}^3/\text{d}$  (200 MMcfd) into the Great Lakes system at Belle River Mills.

TransCanada submitted that its existing facilities could accommodate the  $0.42 \times 10^6 \text{m}^3/\text{d}$  (15 MMcfd) of firm transportation from Belle River Mills to Dawn that was being considered by Union for the first year. In that sense, TransCanada argued that, since there was currently no other demonstrated gas requirements, further facilities additions by either TransCanada or St. Clair were unnecessary at this time.

The TransCanada proposal does not contemplate the east to west movement of gas (from Dawn to Belle River Mills); however, TransCanada suggested that such transactions could be accommodated by displacement and arrangements could be made with Great Lakes for this service.

TransCanada indicated that the firm capacity available from its project could be increased to  $5.66 \times 10^6 \text{m}^3/\text{d}$  (200 MMcfd) by increasing the amount of pipeline loop to 8.4 km. Further increases would be available by adding more pipeline loop to the Dawn Extension and by contracting for higher pressure from Great Lakes.

### **2.2.2 Competition**

TransCanada stated that its proposal would provide service equivalent to that proposed by St. Clair, and in particular would allow access to the same American suppliers. Moreover, TransCanada stated

that it would not oppose increasing access to American and Canadian suppliers, as long as such supplies were incremental to the existing Canadian firm service market.

St. Clair pointed out that TransCanada's proposal is a loop of an existing pipeline and, therefore, it would not increase diversity and hence competition, particularly in terms of transportation. It noted that because Great Lakes is a non-open access carrier, competition could be hampered by TransCanada's proposal. Furthermore, St. Clair argued that the TOPGAS commitments provide an economic incentive for TransCanada to subordinate direct sales volumes relative to system supply, thus denying competitive market prices to Canadian users.

Both Northridge and GMi believed that TransCanada's proposal could increase competition among suppliers; however, they believed it would not be as effective as the St. Clair proposal. These intervenors suggested that the Board could approve both proposals but, if it were to approve only one of them, it should be the St. Clair proposal.

### **2.2.3 Accessibility**

TransCanada indicated that the conditions of access and the terms and conditions of service for its proposed alternative would be those which are currently in effect.

TransCanada testified that in order to access the Great Lakes system, a prospective shipper must complete and submit a transportation service request form. TransCanada acknowledged that other terms and conditions would also apply to accessing Great Lakes. It further noted that transportation service is subject to Great Lakes' service tariff, volume 2, which specifies requirements such as delivery pressure and quality of gas as well as other standard "boiler plate" conditions.

Under the TransCanada proposal, a prospective shipper such as Consumers' or GMi would arrange for its own gas supply and its own transportation service to the Great Lakes pipeline at St. Clair, Michigan. From this point TransCanada would transport the gas through its Dawn Extension to the Union system interconnection. Transportation service on the Union system to Trafalgar, Ontario and beyond would also be the responsibility of the shipper.

TransCanada testified, however, that neither Consumers' nor GMi had approached it regarding either firm or interruptible service.

GMi testified that it had sufficient capacity under its M-12 service contract with Union and its STS contract with TransCanada to permit gas to be transported between Dawn and its franchise area in Québec. Union confirmed that such capacity would be available to GMi and other eastern Canadian LDCs.

St. Clair acknowledged that TransCanada did offer non-discriminatory contract carriage on its system. However, St. Clair argued that Great Lakes was not an open access pipeline and that it had not applied for a blanket order under FERC Order 436/500, thus leaving itself as a section 7(c) transporter. St. Clair noted that in the case of a section 7(c) transporter, prospective shippers are required to obtain their own section 7(c) orders. It estimated that this process could take anywhere from nine to twelve months. St. Clair also noted that such orders are not normally granted for a term greater than twelve months. St. Clair was also of the opinion that a section 7(c) shipper could be refused service outright, or be offered service on discriminatory terms.

St. Clair testified that the St. Clair project resulted, in part, from the fact that Union had been unsuccessful in negotiating suitable transportation service with Great Lakes, despite an effort spanning nearly two years.

In response, TransCanada argued that despite the assertions of St. Clair and Union, the correspondence between Union and Great Lakes, filed at the hearing, demonstrates Great Lakes' willingness to provide transportation service between Belle River Mills and St. Clair, Michigan as well as to provide access to Michigan storage.

TransCanada further argued that the evidence with respect to the time needed to obtain a section 7(c) order and the term for which such an order might be issued was weak and, therefore, inconclusive.

## Chapter 3

# Reasons for Decision

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The evidence indicated that a link between Union and MichCon's storage and transportation facilities could offer a degree of back-up capability to eastern Canadian consumers, in the event of a failure on the NOVA-TransCanada-Great Lakes delivery network. Such an arrangement would also offer a host of new supply options that could encourage greater competition in the marketplace amongst Canadian producers and between Canadian and American producers. All of the parties at the hearing supported these goals. The Board finds them to be consistent with and conducive to fostering a market-oriented pricing regime in the domestic market, which was one of the stated objectives of the Intergovernmental Natural Gas Agreement dated 31 October 1985.

On the basis of the evidence adduced at the hearing, it would appear that the option of attaining these goals through the existing Panhandle connection at Windsor is inferior to that of constructing the proposed facilities for a number of reasons. Capacity on the Panhandle line for firm transportation appears to be both constrained and uneconomic. As well, the capacity of Union's connecting facilities is incapable of moving the incremental volumes planned for. Furthermore, this scenario would not offer the advantages of servicing some new regions of southwestern Ontario through the St. Clair-Bickford Line, or of directly linking the storage pools of Michigan and Ontario.

The new facilities proposed by St. Clair would provide eastern Canadian gas users with a direct connection to major American gas-producing regions via open access carriers. This would enhance their supply diversity and could provide greater flexibility in negotiations with western Canadian suppliers, including WGML.

St. Clair's proposed facilities provide for gas flow in either direction, thus enhancing operating flexibility, and contributing to a more effective and efficient operation of pipeline systems.

Although the Board is not convinced that the pipeline would be fully utilized in the short term, Union has contracted for 100 percent of the capacity initially, which essentially underwrites the capital risks. As well, in the longer term, as the current American gas bubble dissipates, the proposed facilities would potentially offer Canadian producers access to new export markets via an alternative conduit.

From an environmental perspective, the Board believes that as long as the directionally drilled construction technique is successful, the potential for environmental impacts is minimal. The Board will monitor the project carefully to ensure that environmental undertakings are fulfilled and sound environmental policies are practiced.

For all of the above reasons, the Board finds the facilities proposed by St. Clair to be in the public interest. Accordingly, the Board has issued Board Order No. XG-27-88, the effect of which is to authorize St. Clair to proceed with the construction and operation of the proposed facilities, subject to the fulfillment of certain conditions.

The Board finds that the inability to offer open access, reversible flow between MichCon and Union makes the TransCanada proposal a less attractive alternative.

An increment of capacity on the existing international interconnection does not offer the security of supply enhancement associated with the new connection proposed by St. Clair. This new connection will serve to back up existing supply services for eastern Canadian consumers. In addition, the St. Clair project will provide eastern Canadian consumers with access to American sources of supply, thus improving their flexibility in the matter of gas purchasing.

For these reasons, the Board does not find the TransCanada alternative to be in the public interest. The TransCanada application is denied.

## Chapter 4 Disposition

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The foregoing chapters, together with Order No. XG-27-88, constitute the Board's Reasons for Decision and Decisions on these applications.

A.B. Gilmour  
Presiding Member

J.R. Jenkins  
Member

R.B. Horner, Q.C.  
Member

Ottawa, Canada  
October 1988

# Appendix I

## List of Issues

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### List of Issues (Taken from Exhibit A-1 to the GH-3-88 Proceedings)

This list is intended to assist all parties in defining the key issues to be addressed at the hearing. This will not preclude the Board from dealing with other matters which are normally raised by virtue of the Board's mandate pursuant to the NEB Act.

At the hearing the Board will consider, *inter alia*, the following matters:

#### 1. Public Interest Issues

Are the applied-for facilities in the public interest having regard to the following questions:

- (a) Does the proposed pipeline enhance the security of supply for Canadian consumers?
- (b) Are the proposed facilities necessary in light of existing international gas pipeline connections in Sarnia and Windsor?

#### 2. Jurisdiction

Is the St. Clair-Bickford line an integral part of an international or interprovincial work or undertaking, within the exclusive legislative authority of Parliament pursuant to paragraph 92(10)(a) of the *Constitution Act, 1867*, having regard to the following factors:

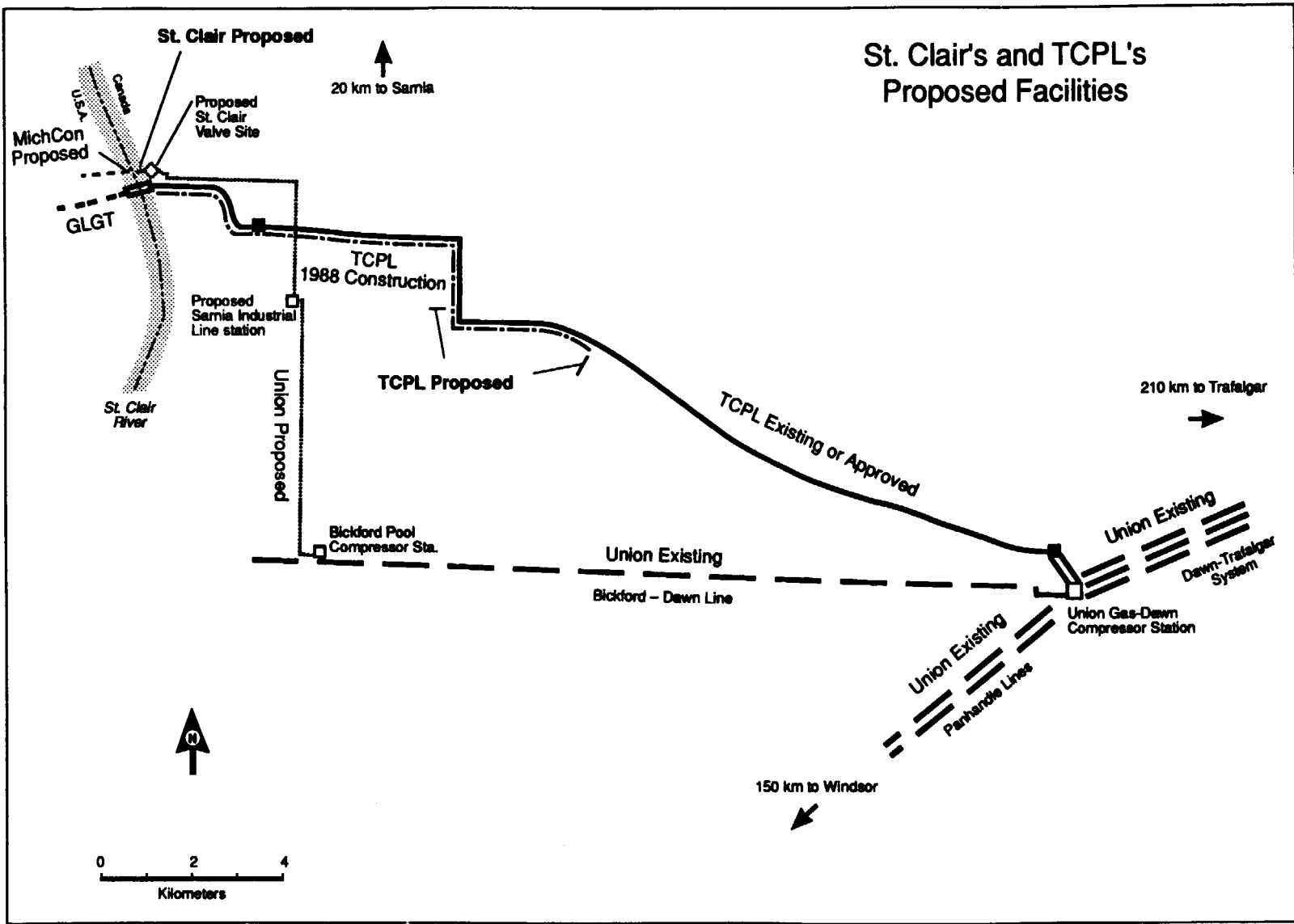
- (a) The fact of the physical interconnection between the St. Clair-Bickford line and the applied-for facilities.
- (b) The extent of common ownership and corporate organization between the St. Clair-Bickford line and the applied-for facilities.
- (c) The degree of operational integration between the St. Clair-Bickford line and the applied-for facilities.
- (d) The purpose(s) to be served by the St. Clair-Bickford line.

## **Appendix II**

# **Map of St. Clair's and TCPL's Proposed Facilities**

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**Figure a2-1**  
**St. Clair's and TCPL's**  
**Proposed Facilities**



## Appendix III

### Order No. XG-27-88

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#### NEB Decision Dated 17 October 1988 Regarding the Application of St. Clair Pipelines Ltd.

IN THE MATTER OF the *National Energy Board Act* (hereinafter referred to as "the Act") and the Regulations made thereunder; and

IN THE MATTER OF an application, dated 15 June 1988, by St. Clair Pipelines Ltd. (hereinafter referred to as "St. Clair") pursuant to Parts III and IV of the Act, seeking, *inter alia*, in respect of certain pipeline facilities an order exempting those pipeline facilities from the provisions of certain sections of the Act; filed with the Board under File No. 1555-S119-1.

BEFORE the Board on 17 October 1988.

WHEREAS St. Clair has represented that its proposed pipeline facilities are required to transport natural gas between the facilities of Michigan Consolidated Gas Company (hereinafter referred to as "MichCon") in the State of Michigan and those of Union Gas Limited in the Province of Ontario;

AND WHEREAS St. Clair, by letter dated 2 August 1988, withdrew its application under Part IV;

AND WHEREAS St. Clair has represented that its proposed pipeline facilities will provide, *inter alia*, increased accessibility to supplies of competitively priced United States gas and increased security of supply to gas users in eastern Canada;

AND WHEREAS a public hearing has been held pursuant to Hearing Order GH-3-88, in the City of Ottawa, in the Province of Ontario, at which the Board heard St. Clair and all interested parties; AND WHEREAS the Board has found that the facilities proposed by St. Clair described in Schedule "A" attached to and forming part of this order, are in the public interest;

IT IS ORDERED THAT pursuant to section 49 of the Act, the facilities described in Schedule "A" attached hereto are exempt from the provisions of paragraph 26(1)(a), subsection 26(2) and section 27 of the Act upon the following conditions:

1. St. Clair, prior to commencement of construction, shall file with the Board:
  - (i) evidence that demonstrates, to the Board's satisfaction, that all necessary United States regulatory approvals have been granted in final non-appealable form in respect of the anticipated import volumes and in respect of any facilities on the Michigan Consolidated pipeline system necessary to give effect to the St. Clair pipeline project; and
  - (ii) evidence that Ontario Minister of Environment approval has been received in respect of the final sump pit design specifications and waste material testing and disposal procedures; and

- (iii) evidence that easement agreements have been executed by all owners of lands proposed to be acquired in connection with the facilities described in Schedule "A" attached hereto.
2. St. Clair shall provide notice to the Board 48 hours prior to the commencement of the directional drilling program.
3. St. Clair shall utilize the directionally controlled drilling construction technique for the St. Clair River crossing as described in its application.
4. St. Clair shall, within six months of the date that leave to open is granted for the approved facilities, file with the Board a post-construction environmental report which describes the success of the environmental protection and restoration measures taken.
5. St. Clair shall cause the construction and installation of the facilities, herein referred to, to be commenced on or before 31 December 1989.

NATIONAL ENERGY BOARD

Louise Meagher  
Secretary

## SCHEDULE "A"

<b>Description</b>	<b>St. Clair's Estimated Costs</b>
700 metres of 610 mm O.D. pipeline from the International Border to the St. Clair Valve Site	\$1,375,000

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 3.0 Land Matters

**References:** Union Gas Application to OEB for St. Clair-Bickford Line – E.B.L.O. 226, Pre-filed Evidence, para. 71  
*National Energy Board Act*, s.112  
*National Energy Board Act Pipeline Crossing Regulations*

**Preamble:** Union Gas required an 18 metre wide permanent easement for the proposed St. Clair-Bickford line except for the portion of the pipeline within the Ontario Hydro corridor which required a 6.0 metre wide easement.

**Request:**

- b) On what basis did Union Gas determine that an 18 metre wide permanent easement was required generally for the line?
- c) On what basis did Union Gas determine that a 6.0 metre wide easement was required for the pipeline within the Ontario Hydro corridor?
- d) Would it have been possible for Union Gas to construct and operate the St. Clair-Bickford line with a narrower easement than as described in paragraph 71? Please explain.
- e) Please identify and provide details of any land use restrictions related to the St. Clair-Bickford pipeline that apply to lands outside the Union Gas permanent easement.
- f) Please identify and provide details of any minimum setback requirements that apply to the St. Clair-Bickford pipeline.
- g) Please identify and provide details, including the location, of any facilities, structures and/or buildings located on the St. Clair-Bickford pipeline easement or within 30 metres on either side of the easement boundaries.
- h) Please identify all locations along the St. Clair-Bickford pipeline where a property boundary is located in the areas extending 30 metres from either side of the Union Gas permanent easement.
- i) Please identify all locations along the St. Clair-Bickford pipeline where someone who is not a Union Gas landowner (having executed an easement agreement or owning lands expropriated by Union Gas) owns land within the areas extending 30 metres from either side of the Union Gas permanent easement.

**Response:**

- b) Union Gas determined the required easement width based on its construction and maintenance experience. Sufficient room is needed to construct and maintain the pipeline.
- c) Since the easement is embedded within the existing Ontario Hydro corridor, there was a certainty that sufficient room was available for construction and would continue to be available for maintenance. Temporary working space adjacent to the permanent easement is available within the Ontario Hydro corridor.
- d) It would have been possible to construct the pipeline on a narrower permanent easement as long as sufficient temporary working room was available. However, it would not be possible to ensure sufficient room to maintain the pipeline throughout its operating life without the full permanent easement width.
- e) Please refer to Union's response to GAPLO Question # 7 a) (the second a).
- f) Please refer to Union's response to GAPLO Question # 7e).
- g) Refer to drawings K914, which are attached to Union's response to GAPLO Question # 7 which identify all facilities, structures and/or buildings located within 30 metres on either side of the St. Clair-Bickford pipeline easement.
- h) Refer to drawings K914 which are attached to Union's response to GAPLO Question # 7 which identify where property boundaries are located within 30 metres on either side of the St. Clair-Bickford pipeline easement.
- i) Refer to drawings K914 which are attached to Union's response to GAPLO Question # 7 which identifies where a non-Union landowner owns land within 30 metres on either side of the St. Clair-Bickford pipeline easement.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 3.0 Land Matters

**References:** Union Gas Application to OEB for St. Clair-Bickford Line – E.B.L.O. 226, Pre-filed Evidence, para. 30

**Preamble:** The minimum depth of cover required was 1.0 metres to the top of the pipe and appurtenances. Additional depth would be provided to accommodate existing or planned underground facilities, such as tile drainage.

**Request:**

- a) What was the source of the requirement for minimum depth of cover referenced in this paragraph? Please provide a copy of any standard or document relevant to the requirement.
- b) Please provide an account of depth of cover monitoring conducted by Union Gas on the St. Clair-Bickford pipeline since its construction.
- c) Has Union Gas identified any locations along the St. Clair-Bickford line where depth of cover is less than 1.0 metres? Please identify these locations and the depth of cover.
- d) Has Union Gas identified any locations along the St. Clair-Bickford line where depth of cover is less than 0.6 metres? Please identify these locations and the depth of cover.

**Response:**

- a) CSA Standard Z184-M86 Section 5.4.3.1 was the source of the minimum depth of cover requirement.

*The cover requirements for pipelines and casing shall be as follows: a) buried gathering lines, transmission lines, distribution lines, and casing shall be installed with a minimum cover of 60 cm, unless otherwise required herein.*

Union Gas chose to exceed the minimum 60cm depth specified in the Standard. The CSA Standard is a copyrighted document that cannot be reproduced.

- b) Union Gas most recently conducted a depth of cover survey in 2002.
- c) No.
- d) No.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 3.0 Land Matters

**References:** Union Gas Pre-filed Evidence, para. 8

**Preamble:** The exact route for the Dawn Gateway line between Bickford and Dawn has not yet been determined.

**Request:**

- a) Please provide details of the routing alternatives being considered for the Bickford-Dawn portion of the proposed Dawn Gateway line.
- b) Please provide a copy of any report or study prepared with respect to routing and routing alternatives for the Bickford to Dawn section of the proposed Dawn Gateway line.

**Response:**

- a) & b) Please refer to Union's response GAPLO Question #13.

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 3.0 Land Matters

**References:** Union Gas Pre-filed Evidence, para. 47

**Preamble:** All other affected landowners would be contacted to make them aware of the change in ownership.

**Request:**

- a) Please provide details of any public consultation with Ontario landowners, including those on the St. Clair-Bickford line and on the Bickford-Dawn section of the proposed Dawn Gateway line, carried out by Union Gas to date. Please provide a copy of any written communication made to landowners and a listing, including the dates, of any phone calls, meetings and other means that may have been used to provided information about this Application and hear any interests or concerns of landowners with respect to the application.
- b) Please provide details of any public consultation with Michigan landowners on the MichCon section of the proposed Dawn Gateway pipeline carried out by Dawn Gateway JV or its participant companies to date. Please provide a copy of any written communications made to landowners.
- c) Has Union Gas received any comments from landowners with respect to the proposed sale of the St. Clair-Bickford line and/or the proposed construction and operation of the Dawn Gateway line? Please provide details of any comments received from landowners to date and any response provided by Union Gas to the landowners. Provide any relevant written documentation regarding consultations, such as notes or minutes that may have been taken at meetings or from phone calls, or letters received from, or sent to, landowners.
- d) Identify any specific issues or concerns that have been raised by landowners in respect of the proposed sale and how those issues or concerns will be mitigated or accommodated.
- e) Explain whether any of the concerns raised by landowners with respect to the applied-for proposed sale have been discussed with any government department or agencies and, if so, identify when contacts were made and who was contacted.
- f) If any of the landowners who were contacted are opposed to the application, identify those groups and provide any available written documentation of their position.

**Response:**

(a) Stantec Consulting Ltd., on behalf of Dawn Gateway JV and Union Gas Ltd., held public consultations with potentially affected landowners as follows:

- Two Public Information Sessions - held December 11, 2008 and February 10, 2009
- Newspaper advertisements for the two Public Information Sessions – appearing December 3, 2008 and January 28, 2009 in the Sarnia Observer, Sarnia and Lambton County This Week, and Wallaceburg Courier Press. Please see Attachment # 1.
- Written correspondence to inform landowners on the St. Clair Line and in the Bickford to Dawn Line Study Area of the Public Information Sessions - dated November 28, 2008 and January 23, 2009. Please see Attachment # 2.
- Display boards, newsletters, and exit questionnaires available at the Public Information Sessions; and,
- Offers for additional meetings and discussions, as noted in the newspaper advertisements and written correspondence to landowners.

Copies of written correspondence and newspaper advertisements to inform landowners of the Public Information Sessions are attached as Attachment # 2. One telephone call was made to a landowner who provided written comments on the proposed sale of the St. Clair Line; as the landowner requested that the comments not be included in the public record, no written record of the telephone call is available.

- b) Union has not been involved in any public consultations or discussions with Michigan landowners.
- c) Both written and verbal comments were received from landowners in respect of the proposed sale of the St. Clair Line.

One landowner provided written comments but requested that the comments not be included in the public record. A project team member contacted the landowner to discuss the comments, and all concerns were resolved. Three exit questionnaires from Public Information Session #1 checked off that they had questions and/or concerns regarding the proposed sale, but no written questions and/or concerns were provided.

Verbal comments were received at both Public Information Sessions regarding the change from OEB to NEB regulation including regulations involving the right-of-way and 30 metre zone (provided for in Section 112 of National Energy Board Act). In response, it was noted that Dawn Gateway LP is proposing to provide blanket approvals to address control zone issues. Dawn Gateway JV is

negotiating with landowners along the proposed Canadian portion of Dawn Gateway pipeline.

- d) Please refer to Union's response to GAPLO Question #18 (c) for issues or concerns raised by landowners in respect of the proposed sale and how they will be mitigated or accommodated.
- e) No concerns raised by landowners with respect to the applied-for proposed sale have been discussed with government departments or agencies.
- f) No written documentation was received from landowners indicating opposition to the application.

# NOTICE OF PUBLIC INFORMATION SESSION

## Dawn Gateway Pipeline Project

Dawn Gateway LP, a new venture owned equally by subsidiaries of Spectra Energy and DTE Energy, is currently working on a project which consists of the purchase of two existing natural gas transmission pipelines, and the construction of a new natural gas transmission pipeline ("Project").

The first component involves Dawn Gateway LP purchasing an existing pipeline known as the St. Clair River Crossing Line. This pipeline is a 24-inch (610 mm) diameter steel natural gas pipeline starting at the international border between Michigan and Ontario, under the St. Clair River, and ending at the St. Clair Station (Lot 13, Front Concession). This pipeline is currently owned by St. Clair Pipelines Ltd and as an international pipeline is under the jurisdiction of the National Energy Board ("NEB").

The second component involves Dawn Gateway LP purchasing an existing pipeline known as the St. Clair Line. This pipeline is also a 24-inch (610 mm) diameter steel natural gas pipeline located in St. Clair Township extending from the St. Clair Station (Lot 13, Front Concession) to the Bickford Pool Compressor Station (Lot 6, Concession XII). This pipeline is currently owned by Union Gas Limited ("Union") and is under the jurisdiction of the Ontario Energy Board ("OEB"). It is the intention of Union to make an application to the OEB for approval to sell the pipeline to Dawn Gateway LP.

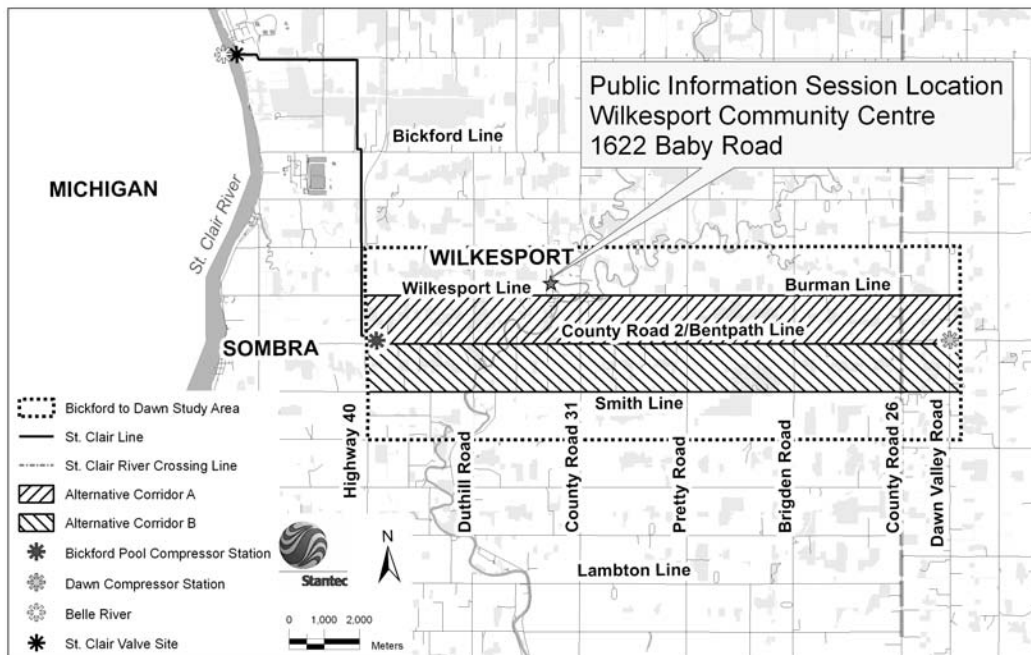
The third component involves the construction, by Dawn Gateway LP, of a new 24-inch (610 mm) diameter steel natural gas pipeline in the County of Lambton, starting from the Bickford Pool Compressor Station in St. Clair Township (Lot 6, Concession XII) and ending at the Dawn Compressor Station in Dawn-Euphemia Township (Lot 25, Concession I) ("Bickford to Dawn Line").

Dawn Gateway LP will be making applications to the NEB for the required approvals.

To assist with the environmental and planning aspects of this Project an independent environmental consultant, Stantec Consulting Ltd. ("Stantec"), has been retained by Dawn Gateway LP to conduct an Environmental and Socio-Economic Assessment ("ESA") of the proposed corridor for the Bickford to Dawn Line. The ESA will be completed as required under the NEB's Filing Manual (February 2008), and will meet the requirements of the Canadian Environmental Assessment Act. Stantec has also been retained to conduct a CEEA Screening Assessment of the existing pipeline facilities. It is the intention of Dawn Gateway LP to file applications with the NEB in 2009. Construction for the Bickford to Dawn Line would begin as early as 2010.

A Public Information Session is being held for the public to review the Project and provide input into the planning process. The Public Information Session is scheduled as follows:

Wilkesport Community Centre  
1622 Baby Road  
Wilkesport, Ontario  
December 11, 2008  
6:30 pm - 9:00 pm



The Public Information Session will be conducted as a drop-in centre, with members of Stantec and Dawn Gateway LP available to discuss the Project and respond to questions or concerns. Input received from public and agency consultation will play a key role throughout the Project. Anyone having an interest in this Project is encouraged to attend the Public Information Session, and/or submit questions or comments to:

David Wesenger  
Project Manager  
Stantec Consulting Ltd.  
70 Southgate Drive, Suite 1  
Guelph, Ontario, N1G 4P5  
1-866-842-7559  
david.wesenger@stantec.com

Glen Priestley  
Manager  
Spectra Energy  
50 Keil Drive North  
Chatham, Ontario, N7M 5M1  
1-800-265-5230  
gpriestley@spectraenergy.com

# NOTICE OF SECOND PUBLIC INFORMATION SESSION

## Dawn Gateway Pipeline Project

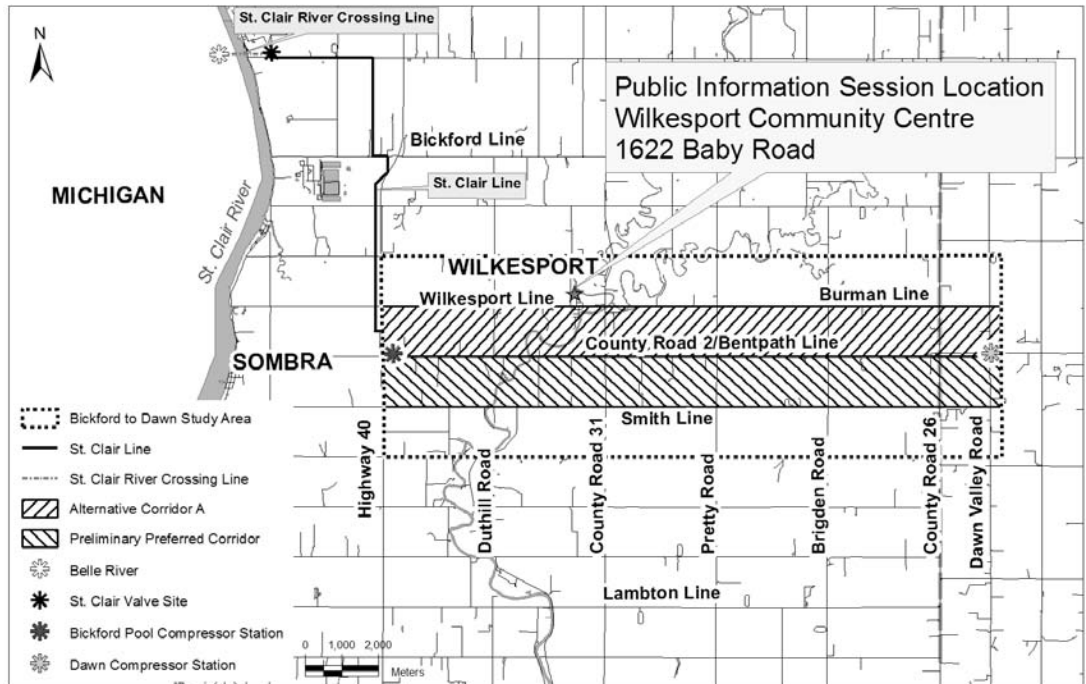
Dawn Gateway LP, a new venture owned equally by subsidiaries of Spectra Energy and DTE Energy, is currently working on a project which consists of the purchase of two existing natural gas transmission pipelines (known as the St. Clair River Crossing Line and St. Clair Line), and the construction of a new 24-inch (610 mm) diameter natural gas transmission pipeline (known as the Bickford to Dawn Line). The Project is located in St. Clair and Dawn-Euphemia Townships, Lambton County, Ontario.

Linked together, these three pipelines will form one continuous pipeline from the international border between Michigan and Ontario to Dawn, and as such will be regulated by the National Energy Board. Dawn Gateway LP will be filing applications with the National Energy Board ("NEB") for the required Project approvals.

Stantec Consulting Ltd. ("Stantec") has been retained by Dawn Gateway LP to prepare all environmental reports for the existing St. Clair pipelines and the proposed Bickford to Dawn Line. The reports will be completed as required under the NEB's *Filing Manual (February 2008)*, and will meet the requirements of the *Canadian Environmental Assessment Act*.

Stantec has reviewed the information obtained at the first Public Information Session (held December 11, 2008) and analyzed the Alternative Corridors for the Bickford to Dawn Line. Using this information, Stantec has identified Alternative Corridor B as the Preliminary Preferred Corridor; Corridor B is bordered by Bentpath Line, Smith Line, the Dawn Compressor Station (Lot 25, Concession I, Dawn-Euphemia Township) and the Bickford Pool Compressor Station (Lot 6, Concession XII, St. Clair Township). Please see inserted map.

A Public Information Session is being held to provide interested parties an opportunity to review the Project, and to provide comments on the planning process, the sale and purchase of the two existing St. Clair pipelines, and the Preliminary Preferred Corridor for the Bickford to Dawn Line. The Public Information Session is scheduled as follows:



Wilkesport Community Centre  
1622 Baby Road  
Wilkesport, Ontario  
February 10, 2009  
6:30 pm - 9:00 pm

The Public Information Session will be conducted in a drop-in format, with members of Stantec and Dawn Gateway LP available to discuss the Project and respond to questions or comments.

Also, input received at the Session will be used to confirm the selection of a Preferred Corridor for the Bickford to Dawn Line and to develop site-specific protection and mitigation measures. Anyone with an interest in the Project is encouraged to attend the Public Information Session, and/or submit questions or comments to:

David Wesenger  
Project Manager  
Stantec Consulting Ltd.  
70 Southgate Drive, Suite 1  
Guelph, Ontario, N1G 4P5  
1-866-842-7559  
David.wesenger@stantec.com

Glen Priestley  
Manager  
Spectra Energy  
50 Keil Drive North  
Chatham, Ontario, N7M 5M1  
1-800-265-5230  
gpriestley@spectraenergy.com

**Stantec Consulting Ltd.**  
70 Southgate Drive, Suite 1  
Guelph ON N1G 4P5  
Tel: (519) 836-6050  
Fax: (519) 836-2493



**Stantec**

---

November 28, 2008  
File: 160960438

Title First Name Last Name  
Address1  
City Province  
Postal Code

Dear: Title Last Name

**Reference: Invitation to Public Information Session  
Dawn Gateway Pipeline Project**

**Dawn Gateway LP**, a new venture owned equally by subsidiaries of Spectra Energy and DTE Energy, is currently working on a project which consists of the purchase of two existing natural gas transmission pipelines, and the construction of a new natural gas transmission pipeline ("Project").

The first component involves Dawn Gateway LP purchasing an existing pipeline known as the St. Clair River Crossing Line. This pipeline is a 24-inch (610 mm) diameter steel natural gas pipeline starting at the international border between Michigan and Ontario, under the St. Clair River, and ending at the St. Clair Station (Lot 13, Front Concession). This pipeline is currently owned by St. Clair Pipelines Ltd and as an international pipeline is under the jurisdiction of the National Energy Board ("NEB").

The second component involves Dawn Gateway LP purchasing an existing pipeline known as the St. Clair Line. This pipeline is also a 24-inch (610 mm) diameter steel natural gas pipeline located in St. Clair Township extending from the St. Clair Station (Lot 13, Front Concession) to the Bickford Pool Compressor Station (Lot 6, Concession XII). This pipeline is currently owned by Union Gas Limited ("Union") and is under the jurisdiction of the Ontario Energy Board ("OEB"). It is the intention of Union to make an application to the OEB for approval to sell the pipeline to Dawn Gateway LP.

The third component involves the construction, by Dawn Gateway LP, of a new 24-inch (610 mm) diameter steel natural gas pipeline in the County of Lambton, starting from the Bickford Pool Compressor Station in St. Clair Township (Lot 6, Concession XII) and ending at the Dawn Compressor Station in Dawn-Euphemia Township (Lot 25, Concession I) ("Bickford to Dawn Line").

Dawn Gateway LP will be making applications to the NEB for the required approvals.

To assist with the environmental and planning aspects of this Project an independent environmental consultant, Stantec Consulting Ltd. ("Stantec"), has been retained by Dawn Gateway LP to conduct an Environmental and Socio-Economic Assessment ("ESA") of the proposed corridor for the Bickford to Dawn Line. The ESA will be completed as required under the NEB's *Filing Manual (February 2008)*, and will meet the requirements of the *Canadian Environmental Assessment Act*. Stantec has also been retained to conduct a CEEA Screening Assessment for the existing pipeline facilities. It is the intention of Dawn Gateway LP to file applications with the NEB in 2009. Construction for the Bickford to Dawn Line could begin as early as 2010.

**Stantec**

November 28, 2008

**Reference: Invitation to Public Information Session  
Dawn Gateway Pipeline Project**

Property owned or rented by you may be located either on or adjacent to the existing St. Clair Line, or one of the Alternative Corridors under consideration for the Bickford to Dawn Line. To learn more about the Project and to provide input into the planning process, we invite you to attend an upcoming Public Information Session. Input received at the Public Information Session will be used to help confirm alternative corridor selection, select a preliminary preferred corridor, and develop site specific protection or mitigation measures. Representatives from Dawn Gateway LP and Stantec will be available at the Public Information Session to discuss the Project.

Please refer to the attached map which identifies the location of the existing St. Clair pipelines and the Study Area for the Bickford to Dawn Line.

Details regarding the Public Information Session are as follows:

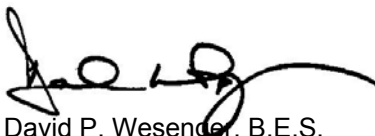
**Wilkesport Community Centre  
1622 Baby Road  
Wilkesport, Ontario  
December 11, 2008  
6:30pm – 9:00pm**

We hope that you will attend the Public Information Session as public input is an integral part of the Project. If you or a representative are not able to join us, or if you have any questions regarding the Project, please do not hesitate to contact me.

If you are a tenant of this property it would also be appreciated if this correspondence could be shared with the landowner.

Sincerely,

**STANTEC CONSULTING LTD.**



David P. Wesenger, B.E.S.  
Senior Project Manager  
Tel: (519) 836-6050  
Toll Free: 1-866-842-7559  
Fax: (519) 836-2493  
david.wesenger@stantec.com

Attachment: Map



**Stantec**

**Stantec Consulting Ltd.**  
Suite 1 - 70 Southgate Drive  
Guelph ON N1G 4P5  
Tel: (519) 836-6050  
Fax: (519) 836-2493

January 23, 2009  
File: 160960438

First Name Last Name  
Address  
City, Province  
Postal Code

**Attention:      Title First Name Last Name**

Dear: First Name Last Name

**Reference:      Invitation to Second Public Information Session  
Dawn Gateway Pipeline Project**

**Dawn Gateway LP**, a new venture owned equally by subsidiaries of Spectra Energy and DTE Energy, is currently working on a project which consists of the purchase of two existing natural gas transmission pipelines, and the construction of a new natural gas transmission pipeline ("Project").

The first component involves Dawn Gateway LP purchasing an existing pipeline known as the St. Clair River Crossing Line. This pipeline is a 24-inch (610 mm) diameter steel natural gas pipeline starting at the international border between Michigan and Ontario, running under the St. Clair River, and ending at the St. Clair Station (Lot 13, Front Concession, St. Clair Township). This pipeline is currently owned by St. Clair Pipelines Ltd. and as an international pipeline is under the jurisdiction of the National Energy Board ("NEB").

The second component involves Dawn Gateway LP purchasing an existing pipeline known as the St. Clair Line. This pipeline is a 24-inch (610 mm) diameter steel natural gas pipeline located in St. Clair Township extending from the St. Clair Station (Lot 13, Front Concession) to the Bickford Pool Compressor Station (Lot 6, Concession XII). This pipeline is currently owned by Union Gas Limited ("Union") and is under the jurisdiction of the Ontario Energy Board ("OEB"). Union has filed an application with the OEB for approval to sell the pipeline to Dawn Gateway LP and operate it under NEB jurisdiction.

The third component involves the construction, by Dawn Gateway LP, of a new 24-inch (610 mm) diameter steel natural gas pipeline in the County of Lambton, starting from the Bickford Pool Compressor Station in St. Clair Township (Lot 6, Concession XII) and ending at the Dawn Compressor Station in Dawn-Euphemia Township (Lot 25, Concession I) ("Bickford to Dawn Line"). Dawn Gateway LP will be filing applications with the NEB for the required Project approvals.

Linked together, these three pipelines will form one continuous pipeline from the international border between Michigan and Ontario to the Dawn Compressor Station, and as such will be regulated by the National Energy Board.

Stantec Consulting Ltd. ("Stantec") has been retained by Dawn Gateway LP to prepare all environmental reports for the existing St. Clair pipelines and the proposed Bickford to Dawn Line. The reports will be completed as required under the NEB's *Filing Manual (February 2008)*, and will meet the requirements of the *Canadian Environmental Assessment Act*.

**Stantec**

January 23, 2009

**Reference: Invitation to Second Public Information Session  
Dawn Gateway Pipeline Project**

Stantec has reviewed the information obtained at the First Public Information Session (held December 11, 2008) and analyzed the Alternative Corridors for the Bickford to Dawn Line. Using this information, Stantec has identified Alternative Corridor B as the Preliminary Preferred Corridor; Corridor B is bordered by Bentpath Line, Smith Line, the Dawn Compressor Station (Lot 25, Concession I, Dawn-Euphemia Township) and the Bickford Pool Compressor Station (Lot 6, Concession XII, St. Clair Township).

Please refer to the attached map which identifies the location of the existing St. Clair pipelines, and the Bickford to Dawn Line Study Area, Preliminary Preferred Corridor and Alternative Corridor.

Property owned or rented by you may be located either on or adjacent to the existing St. Clair pipelines or one of the Alternative Corridors considered for the Bickford to Dawn Line. To learn more about the sale and purchase of the existing St. Clair pipelines, the Preferred Corridor for the Bickford to Dawn Line, and the Project in general, we invite you to attend an upcoming Public Information Session.

Input received at the Second Public Information Session will also be used to help confirm the selection of a Preferred Corridor for the Bickford to Dawn Line and to develop site-specific protection and mitigation measures. The Public Information Session will be conducted in a drop-in format with representatives from Dawn Gateway LP and Stantec available to discuss the Project and respond to questions and comments.

Details regarding the Second Public Information Session are as follows:

**Wilkesport Community Centre  
1622 Baby Road  
Wilkesport, Ontario  
February 10, 2009  
6:30pm – 9:00pm**

We hope that you will attend the Public Information Session as public input is an integral part of the Project. If you or a representative are not able to join us, or if you have any questions regarding the Project, please do not hesitate to contact me.

If you are a tenant of this property it would also be appreciated if this correspondence could be shared with the landowner.

Sincerely,

**STANTEC CONSULTING LTD.**



David Wesenger, BCS  
Managing Principal, Environmental Management  
Tel: (519) 836-6050  
Fax: (519) 836-2493  
david.wesenger@stantec.com

Attachment: Map

UNION GAS LIMITED

Response to Interrogatory  
from GAPLO-CAPLA

**Issue:** 3.0 Land Matters

**References:** Union Gas Pre-filed Evidence, para. 9

**Preamble:** The portion of the Dawn Gateway Line that would be located in Ontario would be regulated by the NEB.

**Request:**

- a) Does Union Gas currently operate any pipelines that are regulated by the NEB? If so, please identify these pipelines and provide copies of the NEB Certificate under which they operate.
- b) Please describe any potential impacts on St. Clair-Bickford line landowners resulting from the expected change in regulatory oversight from OEB to NEB related to land use restrictions, land rights under existing agreements, pipeline abandonment, liabilities and/or costs to landowners, and the availability of costs awards related to regulatory proceedings.
- c) Please describe any potential impacts on landowners resulting from the expected change in ownership of the St. Clair-Bickford line related to land use restrictions, land rights under existing agreements, pipeline abandonment, liabilities and/or costs to landowners, and the availability of costs awards related to regulatory proceedings.
- d) Are any of the impacts identified in parts (b) and (c) negative for landowners? If so, please explain why.
- e) For impacts that are identified as negative impacts in part (d), please describe how Union Gas intends to mitigate these negative impacts for landowners as part of the sale of the St. Clair-Bickford line or how Dawn Gateway JV intends to mitigate these negative impacts as part of the Dawn Gateway project.
- f) Has Union Gas or any other of the companies involved in the Dawn Gateway JV abandoned a pipeline? If so, please provide a copy of any regulatory application made in respect of the abandonment and a copy of any order/decision approving or permitting the abandonment.

**Response:**

- a) Union currently owns one pipeline regulated by the NEB. The certificate for the Detroit River Crossing is shown as Attachment # 1.

b,c,d,e) Please refer to Union's response to Board Staff Question # 9.

f) Union has not abandoned any pipelines which required OEB approval. Westcoast Energy Inc. has made abandonment applications. The applications and decisions can be found on the NEB website. Union has no knowledge of any abandonment applications by any of the other companies involved in Dawn Gateway JV.

NATIONAL ENERGY BOARD



CANADA

OFFICE NATIONAL DE L'ÉNERGIE

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

NO. GC-9

PURSUANT to subsection (1) of section 95 of the National Energy Board Act, this certificate of public convenience and necessity is hereby issued to


UNION GAS COMPANY OF CANADA LIMITED

in respect of an existing pipe line for the transmission of gas extending from the westerly terminus thereof, being its junction with the pipe line of Panhandle Eastern Pipe Line Company at a place on the international boundary line between Canada and the United States of America in the bed of the Detroit River adjacent to the Water Lot in front of Farm Lot 46, in the 1st Concession of the Township of Sandwich West, now in the Town of Ojibway in the County of Essex in the Province of Ontario, to the easterly terminus thereof, being its junction with the pipe line of Ontario Natural Gas Storage and Pipelines Limited in Farm Lot 46, in the 1st Concession of the Township of Sandwich West, now in the Town of Ojibway in the said County and Province. The general location of the said pipe line is as shown in the map marked "Appendix A", and the design data, meter station and other works connected therewith are more particularly described and set forth in the schematic diagram marked "Appendix B", both of which Appendices are annexed to and form part of this certificate.

The description of the pipe line certificated herein is in accordance with information supplied to the National Energy Board by Union Gas Company of Canada Limited and represented by it to be a true and correct description of the said pipe line as of the 31st day of December, A.D. 1959.

ISSUED at the City of Ottawa, in the Province of Ontario, this 28th day of June, A.D. 1960.

Secretary

  
Chairman



ORDER NO. AO-1-GC-9

IN THE MATTER OF the National Energy Board Act and the Regulations made thereunder; and

IN THE MATTER OF a variation of Certificate of Public Convenience and Necessity No. GC-9, dated the 28th day of June, 1960, issued to Union Gas Company of Canada Limited, filed with the Board under File No. 8-1-7-1, now File No. 1555-U1-1.

B E F O R E the Board on Wednesday, the 3rd day of December, 1980.

UPON an application by Union Gas Limited, formerly known as Union Gas Company of Canada Limited, (hereinafter called "the Company"), dated the 3rd day of November, 1980, to vary Certificate of Public Convenience and Necessity No. GC-9 issued to it by the National Energy Board on the 28th day of June, 1960, to provide for the variation in the location of the easterly terminus of the pipeline authorized by the said Certificate;

AND upon having read the submissions of the Company, filed;

IT IS ORDERED THAT Certificate of Public Convenience and Necessity No. GC-9, dated the 28th day of June, 1960, be and the same is hereby changed, altered and varied by

(1) striking out the expression:

"Union Gas Company of Canada Limited",  
wherever it appears therein and substituting therefor the expression:

"Union Gas Limited";

(2) striking out the words

"extending from the westerly terminus thereof, being its junction with the pipe line of Panhandle Eastern Pipe Line Company at a place on the international boundary line between Canada and the United States of America in the bed of the Detroit River adjacent to the Water Lot in front of Farm Lot 46, in the 1st Concession of the Township of Sandwich West, now in the Town of Ojibway in the County of Essex in the Province of Ontario, to the easterly terminus thereof, being its junction with the pipe line of Ontario Natural Gas Storage and Pipelines Limited in Farm Lot 46, in the 1st Concession of the Township of Sandwich West, now in the Town of Ojibway in the said County and Province.

The general location of the said pipe line is as shown in the map marked "Appendix A", and the design data, meter station and other works connected therewith are more particularly described and set forth in the schematic diagram marked "Appendix B", both of which Appendices are annexed to and form part of this certificate."

where they appear therein, and substituting therefor the following:

...3

"extending from the westerly terminus thereof, being its junction with the pipe line of Panhandle Eastern Pipe Line Company at a place on the international boundary line between Canada and the United States of America in the bed of the Detroit River adjacent to the Water Lot in front of Lot 46, to the easterly terminus thereof, being its junction with the 406.4 mm OD line of pipe of the Company located adjacent to the exterior easterly wall of the Company's Ojibway Meter Station Gauge building situated in part of Lot 45, all in Concession 1, City of Windsor, County of Essex, in the Province of Ontario.

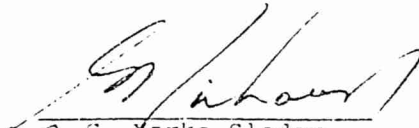
The general location of the said pipe line is as shown on the drawing designated 'APPENDIX A', dated revised the 23rd day of October, 1980, and the design data, meter station and other works connected therewith are more particularly described and set forth in the schematic diagram designated 'APPENDIX B', dated revised the 23rd day of October, 1980, both of which Appendices are annexed to and form part of this certificate."

- (3) striking out Appendices "A" and "B" from the said Certificate and substituting therefor the

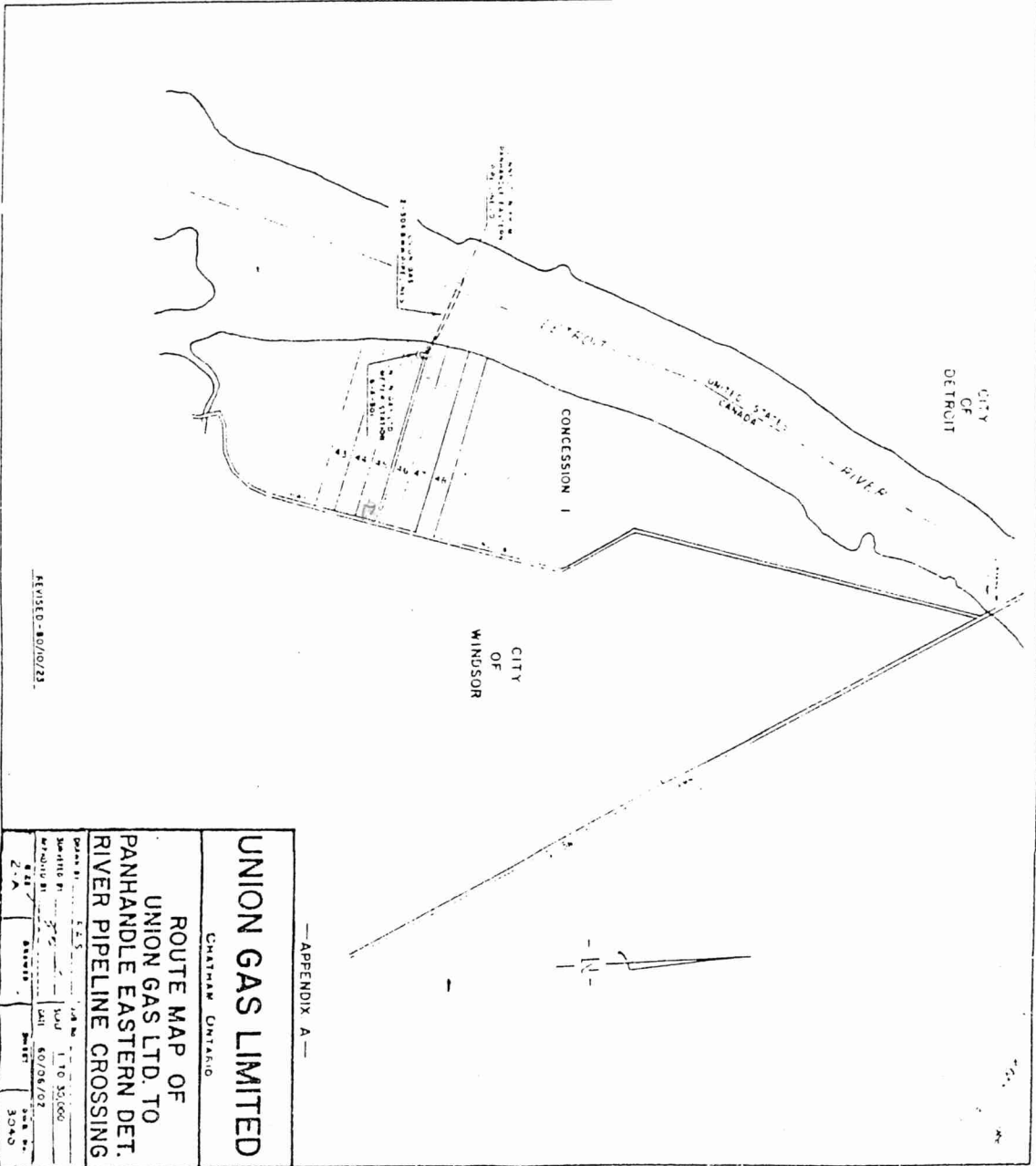
...4

Appendices "A" and "B" attached hereto and forming part of this Certificate.

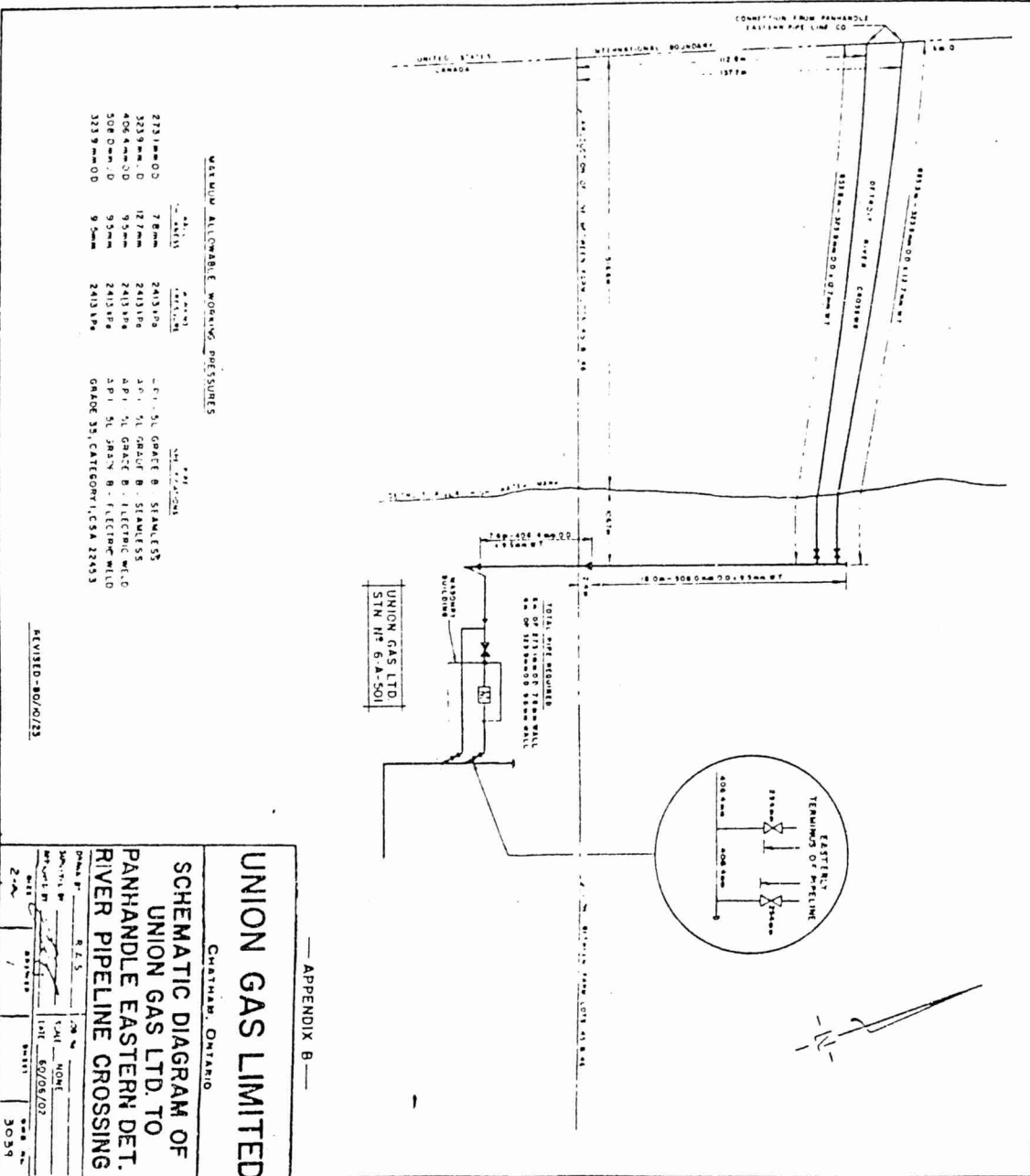
NATIONAL ENERGY BOARD

  
G. Yorke Slader  
Secretary

Approved by Order in Council  
P.C. 1981-563 dated the  
5th of March 1981.

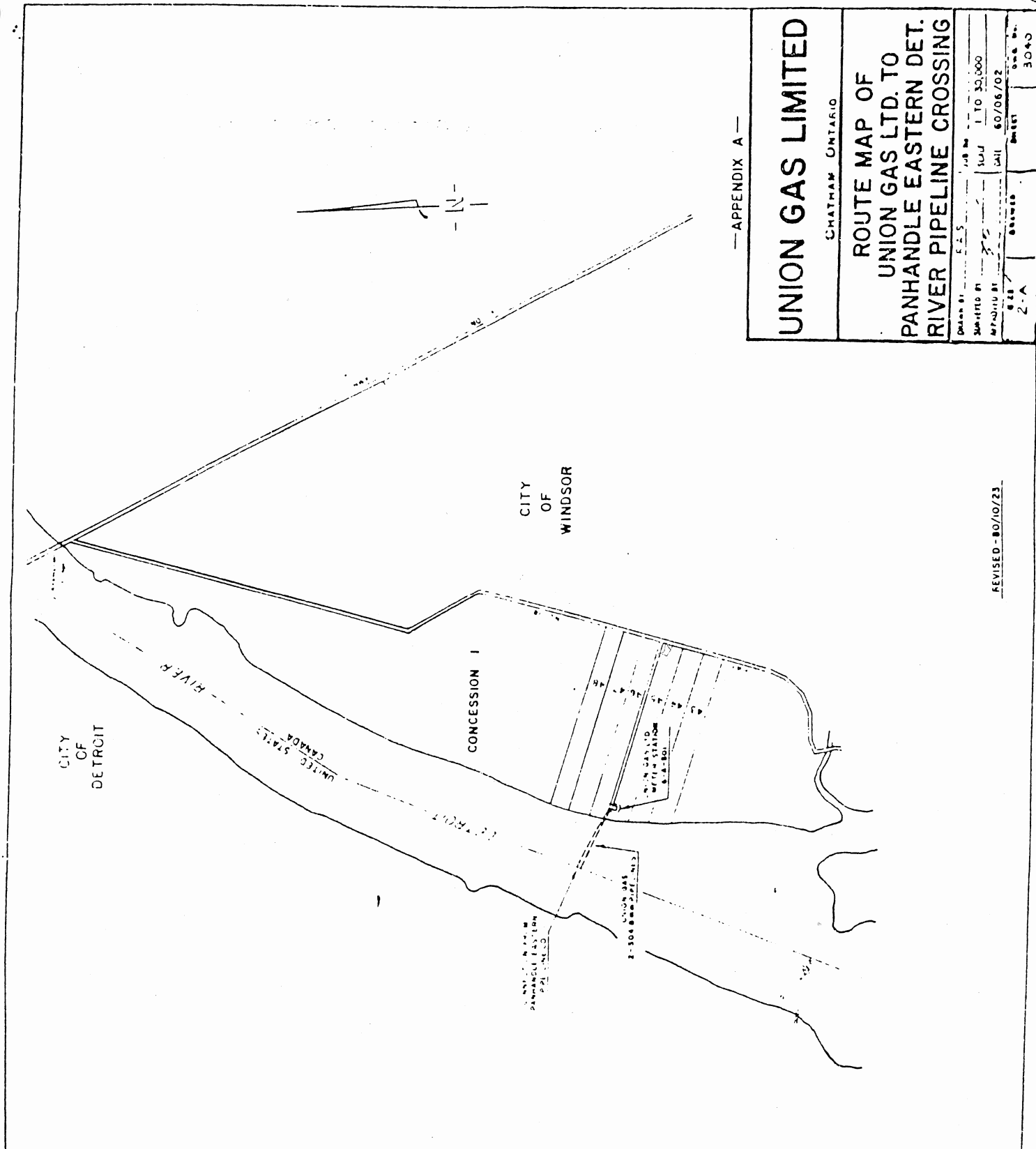


APPENDIX A  
of AO-1-GC-9



APPENDIX B  
 of AO-1-GC-9

EN-AR-06-11-01



—APPENDIX A—

<b>UNION GAS LIMITED</b>	
CHATHAM ONTARIO	
ROUTE MAP OF UNION GAS LTD. TO PANHANDLE EASTERN DET. RIVER PIPELINE CROSSING	
DATE: 02/25	JOB NO.:
SCALE: 1" = 32,000'	DATE: 06/06/02
BY: [Signature]	CHECKED BY: [Signature]
2-A	3040

REVISED - 08/10/23

ENV. REVIEW

— APPENDIX B —

# UNION GAS LIMITED

CHATHAM, ONTARIO

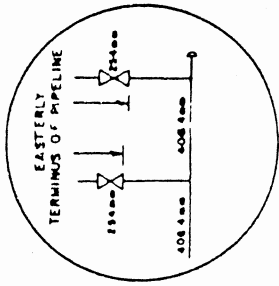
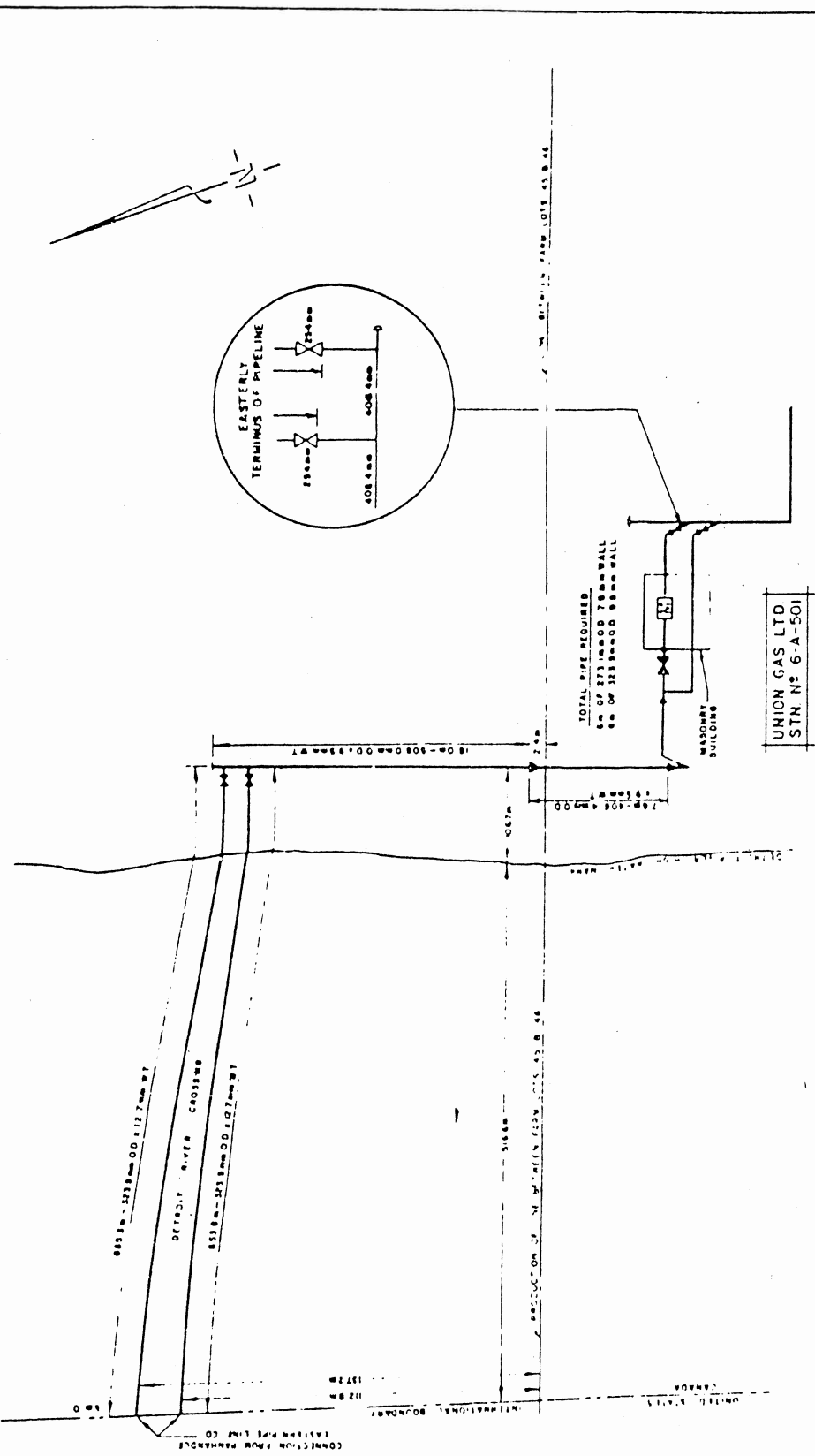
## SCHEMATIC DIAGRAM OF UNION GAS LTD. TO PANHANDLE EASTERN DET. RIVER PIPELINE CROSSING

DRAWN BY: R.E.S.  
 CHECKED BY: NONE  
 APPROVED BY: [Signature]  
 DATE: 60/06/02  
 SHEET: 2-A  
 OF: 3039

REVISED - 80/10/23

MIN. ALLOWABLE WORKING PRESSURES

PIPE SIZE	MIN. WALL THICKNESS	MIN. ALLOWABLE WORKING PRESSURE	PIPE SPECIFICATIONS
273 mm OD	7.8 mm	2413 kPa	A.P.I. 5L GRADE B - SEAMLESS
323.9 mm OD	12.7 mm	2413 kPa	A.P.I. 5L GRADE B - SEAMLESS
406.4 mm OD	9.5 mm	2413 kPa	A.P.I. 5L GRADE B - ELECTRIC WELD
508.0 mm OD	9.5 mm	2413 kPa	A.P.I. 5L GRADE B - ELECTRIC WELD
323.9 mm OD	9.5 mm	2413 kPa	GRADE 35, CATEGORY 1, CSA Z245.3



TOTAL PIPE REQUIRED  
 180.508 m  
 180.508 m

UNION GAS LTD.  
 STN. N° 6-A-501

WASHER BUILDING

273 mm - 273 mm OD ± 12.7 mm WT  
 323.9 mm - 323.9 mm OD ± 12.7 mm WT  
 406.4 mm - 406.4 mm OD ± 12.7 mm WT

CONNECTION OF N.W. MAIN FROM S.S. 43 B. 46

CONNECTION FROM PANHANDLE  
 EASTERN PIPE LINE CO.  
 1972

INTERNATIONAL BOUNDARY