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BY E-MAIL

January 10, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St., 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited
Application for Leave to Construct
Board Staff Interrogatories
Board File Number EB-2010-0329**

Please find the attached Board staff interrogatories in the above proceeding. Please forward the following to Union Gas Limited.

Yours truly,

Original Signed By

Zora Crnojacki
Project Advisor

Union Gas Limited

Application for Leave to Construct Natural Gas Pipeline-Trenton Area Reinforcement Project EB-2010-0329

Board Staff Interrogatories

1. References: Pre-filed evidence, page 2, Paragraph 10; page 3, Paragraph 15.

Preamble:

Union expected to implement a new Rate 20 Distribution Sales Service Contract ("Contract") with the customer on November 1, 2010. Union also stated that it offered a long term contract to the customer but the offer was not accepted and that the contract would be renewed annually.

Questions:

- a. Please provide an update of the negotiations for the Rate 20 Distribution Sales Service Contract with the customer.
 - b. If available, please file with the Board a copy of the Rate 20 Distribution Sales Service Contract.
 - c. If the contract is not executed at this time would Union agree to file a copy of the Contract at the time it is executed? If not, please explain.
2. References: Pre-filed evidence Schedule 8 and Schedule 2

Preamble:

Schedule 2 of the pre-filed evidence includes a letter from the Department of National Defence ("DND"), dated October 21, 2010 ("DND Letter"). The DND letter acknowledges that the funds for the project financing in the amount of about \$ 8.5 million would be available pending approvals of the Government of Canada. The DND Letter supports the project and the application before the Board.

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A stand alone Discounted Cash Flow ("DCF") analysis performed by Union shows incremental revenues for one year which assumes the one year Contract with the customer. Union indicated that the expectation is that the customer would renew the Contract every year.

Questions:

- a. Please explain the process between Union and the customer for determining the amount of the capital contribution by the customer.
 - b. Please list and discuss the documentation which will formalize the agreement on the method and amount of determining the capital contribution for the project.
 - c. Please discuss financial assurances that will be established to protect Union's ratepayers in the event that the funding does not materialise as planned.
3. Reference: Pre-filed evidence page 10, Paragraphs 38 to 40 and Schedule 8.

Preamble:

A DCF Analysis presented in Schedule 8 indicates that the customer would provide capital contribution of estimated \$ 8.5 million in 2011. The pre-filed evidence also stated the total cost of the project is estimated at about \$ 8.3 million.

Question:

Please provide the most current estimated costs of the project construction.

4. Reference: Pre-filed evidence, page 16, Paragraph 63 and Schedule 15.

Regarding the negotiations for permanent and temporary easements please indicate the status of negotiations and anticipated timeline for obtaining required land rights for project location and construction.

Please file any communication with the potentially impacted landowners and Union's responses since the application was filed with the Board.

5. Reference: Pre-filed evidence, Schedule 11.

Regarding the potential archaeological findings along the route of the proposed pipeline please confirm that Enbridge would apprise impacted parties, including Alderville First Nation, should archaeological sites be discovered by archaeological survey.

6. Reference: Pre-filed evidence, Schedule 12.

Please provide the status and anticipated timeline for obtaining the necessary permits for location and construction of the project. Please provide an updated list of all permits that are obtained or will be acquired for the construction of the project.

7. Please comment on the proposed draft conditions of approval prepared by Board Staff, and indicate if these conditions would be acceptable should the Board approve the application:

EB-2010-0329

**Union Gas Limited
Leave to Construct Application**

Board Staff Proposed Draft

Conditions of Approval

1 General Requirements

- 1.1 Union Gas Limited ("Union") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2010-0329 except as modified by this Order and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate by December 31, 2011, unless construction has commenced prior to that date.
- 1.3 Union shall implement all the recommendations of the Environmental Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee ("OPCC") review.
- 1.4 Union shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Union shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.
- 1.5 Within 15 months of the final in-service date, Union shall file with the Board Secretary a Post Construction Financial Report. The Report shall indicate the actual capital costs of the project and shall explain all significant variances from the estimates filed in the proceeding.

2 Project and Communications Requirements

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Natural Gas Applications.
- 2.2 Union shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfillment of the Conditions of Approval on the construction

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site. Union shall provide a copy of the Order and Conditions of Approval to the project engineer, within seven days of the Board's Order being issued.

- 2.3 Union shall give the Board's designated representative and the Chair of the OPCC ten days written notice in advance of the commencement of the construction.
- 2.4 Union shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Board's Order.
- 2.5 Union shall file with the Board's designated representative notice of the date on which the installed pipelines were tested, within one month after the final test date.
- 2.6 Union shall furnish the Board's designated representative with five copies of written confirmation of the completion of construction. A copy of the confirmation shall be provided to the Chair of the OPCC.

3 Monitoring and Reporting Requirements

- 3.1 Both during and after construction, Union shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. Union shall attach a log of all complaints that have been received to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2 The interim monitoring report shall confirm Union's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 3.3 The final monitoring report shall describe the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

4 Easement Agreements

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

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5 Other Approvals and Agreements

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