

April 17, 2008

By RESS & Courier

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

Dear Ms. Walli:

**Re: Union Gas Limited – Leave to Construct Application
Halton Hills Generating Station
Board File No. EB-2008-0024**

As per the Board's letter dated April 4th 2008, please find enclosed 2 copies of Union's interrogatory responses for the above-noted project.

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,

Original signed by

Mark A. Murray
Manager, Regulatory Projects
:mjp
Encl.

cc: Neil McKay, Board Staff
Zora Crnojacki, Project Advisor

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

1.0 Project Need

Reference: Tab "Prefiled Evidence", Pages 2-3

Preamble: Item 14 on page 3 indicates that Union expects to sign a contract with TransCanada Energy Ltd. ("TCE") in the first quarter of 2008 with an expected expiry date December 31, 2029. It is also stated that Union will not construct the proposed facilities until it can be ensured that all financial risks can be mitigated through the contract terms with TCE.

Question:

- i. Please provide an update on the status of the negotiations/contract between Union and TCE.
- ii. Please provide the latest available information including:
 - date gas service is first required
 - term of contract
 - maximum and minimum operating pressure
 - maximum pipeline flow (m³ per day)
- iii. If the contract has been finalized, please provide a copy of the contract.

Response:

- i. Union sent an executable T1 contract to TransCanada Energy (TCE) on April 4, 2008. Union is currently awaiting the return of the T1 contract from TCE.
- ii. The following is the latest available information:
 - The target date for Union's facilities to be in service is Aug 1, 2009;
 - The term of the contract is 20 years;
 - The maximum and minimum operating pressures are 3,450 kPag and 3,170 kPag (this updates Paragraph 11 of the pre-filed evidence);
 - The facilities will deliver a maximum daily amount of 3,480,000 m³;
 - The revised BCD is 1,497,000 m³/d (this updates Paragraph 12 of the pre-filed evidence).
- iii. Upon final execution, Union will provide a copy of the T1 contract.

UNION GAS LIMITED
Response to Interrogatory
from Board Staff

2.0 Alternatives Considered

References: Tab "Prefiled Evidence", Pages 4-5

Preamble: The evidence indicates that three alternatives were considered for the proposed pipeline:

- (1) Provide natural gas service to Halton Hills GS via a 20 inch pipeline and associated facilities (proposed alternative)
- (2) Provide natural gas service to Halton Hills GS from the existing system.
- (3) Provide natural gas service to Halton Hills GS via a 16 inch pipeline and associated facilities.

Questions / Requests

- i. Please provide a table showing the estimated costs of the three alternatives broken down according to pipeline material cost, pipeline labour cost, land cost, station cost and other costs.
- ii. Please expand on the rationale for Union's choice of Alternative (1) including any uncertainty and sensitivity analyses that were carried out and comment on any potential impact of these on Union's choice of alternative.

Response:

- i. The following table shows the costs broken out for the proposed NPS 20 pipeline as well as the NPS 16 pipeline alternative. A cost estimate was not pursued for the existing system alternative because in order to use the existing system Union would have had to install 7.2 km of NPS 20 which would have been significantly longer (7.2 km versus 4.6 km) than the length of the proposed pipeline.

Item	Cost for NPS 16	* Cost for NPS 20
Mainline Material	\$1,423,885	\$1,776,117
Mainline Labour	\$6,791,878	\$6,991,900
Lands	\$6,147,500	\$6,147,500
Mainline Other	\$2,549,107	\$2,601,101
Valve Site Material	\$721,497	\$817,491
Valve Site Labour	\$741,400	\$770,000
Station Materials	\$1,700,274	\$1,328,673
Station Contract Labour	\$2,413,475	\$2,108,175
Station Other	\$673,854	\$673,854
TOTALS	\$23,162,870	\$23,214,811

*The cost estimate for the NPS 20 option is based on a more detailed analysis than the cost estimate for the NPS 16. After Union identified the NPS 20 as the preferable option, Union did a more detailed estimate of the cost of the NPS 20.

- ii. Union compared the NPS 16 alternative against the NPS 20 proposed pipeline to determine if there would be any material cost savings by downsizing the pipeline diameter. The high level estimates that were prepared indicated that savings in pipeline costs for a NPS 16 alternative were offset by the increased cost to design a lower pressure loss customer station. This station design would require larger diameter pipe and more costly equipment to allow for the reduced pressure loss.

Sensitivity analysis was completed to identify what, if any, additional demand could be served by the NPS 20 vs. the NPS 16. The NPS 20 can deliver approximately 20% more (20 to 30 mmcf/d) demand at the end of the pipeline compared to the NPS 16. The NPS 16 alternative would operate at its maximum capability in servicing the Halton Hills Generating Station and will have no incremental capability.

The NPS 20 was selected to meet the requirements of the Generating Station and to allow for future growth because the capital cost will be approximately the same as the cost of the NPS 16.

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

3.0 Environmental Considerations

References: (1) Tab "Prefiled Evidence", Pages 10-12
(2) *Prefiled Evidence Volume II – Environmental Report, Section 8.3*
(3) *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, May 2003 edition*

Preamble: Reference (1) indicates that Stantec Consulting Ltd. prepared an Environmental Report ("ER") in accordance with the "Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, May 2003 Edition" (Ref 3).

Reference (1) indicates that the ER was submitted to various organizations/groups including the Ontario Pipeline Coordination Committee ("OPCC"), local aboriginal groups, local municipalities and all interested parties who requested a copy.

Section 8.3.2 of Reference (2) dealing with the analysis of cumulative effects lists a number of construction projects under the heading of "Year 2009: Construction" No projects are shown for years beyond 2009.

Questions / Requests

- i. Please provide an update on the status of the OPCC review of the ER.
- ii. Please provide details of any comments/concerns/issues expressed by any party who was consulted by Union, who consulted Union and/or who was provided with a copy of the ER by Union.
- iii. Please describe Union's proposed solutions, status and schedule to address any comments/concerns/issues identified in ii. above.
- iv. What is Union's interpretation of the guidelines in Reference (3) with respect to the time horizon for consideration of future projects that may contribute to cumulative effects?
- v. Are there any projects beyond 2009 from Union or others that Union is aware of that may contribute to cumulative effects. If so, what are they and why are these not considered in the ER.

Response:

- i. Please see the following summary table and the attached correspondence received as part of the OPCC review.

- ii. Please see the following summary table and the attached correspondence received as part of the OPCC review.
- iii. Please see the following summary table and the attached correspondence received as part of the OPCC review.
- iv. The OEB Guidelines state that the Cumulative Effects Assessment (CEA) should consider all cumulative effects that may result from the interaction between the effects of the proposed project and the effects of other developments already in place or planned within or near the study area. Stantec has advised Union that the Guidelines do not stipulate an applicable timeframe. In this case, Stantec considered the effects of all known projects that have a high likelihood of proceeding and did not exclude any known projects because of timing considerations.
- v. Union and Stantec does not have any specific information about other potential projects that may occur after 2009 that may contribute to cumulative effects. Union and Stantec have been advised that other projects are likely to occur in the study area after 2009 (such as road expansions and the implementation of the South Halton Water and Wastewater Master Plan), but those projects are similar to the projects that are considered in the CEA in the ER and Stantec does not believe there will be any significant cumulative effects as a result of these projects.

**OPCC Review Summary
Halton Hills Generation Project**

AGENCY	COMMENT	RESPONSE
Ministry of Municipal Affairs and Housing Email dated December 21, 2007	The Environmental Report (ER) has been forwarded to Mr. Bruce Singbush, Central Municipal Services Office. Comments, if any will be forwarded by this office.	Not Required
Technical Standards & Safety Authority (TSSA) Letter dated January 2, 2008	<p>Preliminary Preferred Route (Fifth Line) in Figure A-3 appears to be the best alternative.</p> <p>It is anticipated that construction of new industrial and commercial developments would be authorized in the area close to this pipeline by the local municipality.</p> <p>Union Gas should keep aware of the planning of new developments in the proximity of the pipeline to ensure that TSSA Guidelines are taken into consideration.</p>	Not Required
Richard J. Bennett Barrister & Solicitor Letter dated January 3, 2008	Two letters from Union Gas have been received; please forward future correspondence to my clients directly.	<p>Not Required</p> <p>Union to forward future correspondence to the landowners directly.</p>
Gotransit Email dated January 3, 2008	<p>No comments to offer.</p> <p>Suggest contacting CP Rail.</p>	CP Rail was forwarded a copy (December 19) of the Environmental Report.
Ministry of Transportation Letter dated January 11, 2008	ER has been forwarded to the Toronto Office. Comments, if any will be forwarded by this office.	<p>Not Required</p> <p>Union Gas staff to continue discussions with MTO regarding the proposed project.</p>

AGENCY	COMMENT	RESPONSE
<p>Six Nations Council Letter dated January 23, 2008</p>	<p>Six Nations' cultural, sustenance and other rights are recognized by the province of Ontario by way of the 1701 Treaty of Fort Albany.</p> <p>Six Nations' rights and interest in relation to the Grand River was confirmed by way of treaty, through the Haldimand Proclamation.</p> <p>The subject lands are not located within the Haldimand Tract, however Six Nations remains concerned about the overall pace and scope of development within the Grand River Tract and region.</p> <p>Appreciate Stantec for informing Six Nations of this development application.</p> <p>Six Nations have no further comment with regards to this application.</p>	<p>Not Required</p>
<p>The Regional Municipality of Halton Letter dated March 5, 2008</p>	<p>The Region's position is that the ER has failed to consider what has been identified as the Region's "primary concern" of interfering with other planned facilities.</p> <p>The Region has serious concerns, at this time, and can not support the current choice of route.</p>	<p>Meeting with the Town of Milton March 26, 2008 Meeting with The Regional Municipality of Halton April 1, 2008 Response letter dated April 7, 2008</p> <p>Halton Region was provided with numerous opportunities to review the proposed route alignment but did not identify its engineering or operating</p>

AGENCY	COMMENT	RESPONSE
		<p>concerns during the ER process.</p> <p>Union Gas is prepared to continue its long standing practice of working cooperatively and consulting on a personal basis to resolve engineering issues and will be in contact with the Region in the near future to discuss these matters.</p>
<p>Conservation Halton Letter dated March 6, 2008</p>	<p>The ER does not appear to anticipate that Conservation Halton may require additional detailed information prior to approving any works with in their regulated area.</p> <p>Aquatic ecology staff is agreeable to the preferred route.</p>	<p>Response letter dated April 4, 2008</p> <p>Union Gas and Stantec will be completing further survey work relating to fisheries, wildlife, and vegetation.</p> <p>Union proposes to meet with Conservation Halton to discuss these matters further.</p>
<p>Hydro One Networks Email dated March 10, 2008</p>	<p>Identification of a number of design, engineering and safety concerns.</p>	<p>Response dated March 29, 2008</p> <p>Union has committed to continued consultation with Hydro One until such time as the design is completed.</p>

Doug Schmidt

From: Goldhawk, Emma (MAH) [Emma.Goldhawk@ontario.ca]
Sent: December 21, 2007 3:23 PM
To: Doug Schmidt; CmojaZo@oeb.gov.on.ca
Cc: Singbush, Bruce (MAH); Haldenby, Timothy (MAH)
Subject: Notice of Environmental Report for Halton Hills Generating Station Pipeline Project, Region of Halton

Dear Mr. Schmidt,

Thank you for your letter and accompanying package dated December 19, 2007 addressed to Usman Ahmed, concerning the recently completed Environment Report for the Halton Hills Generating Station Pipeline Project, and including a copy of that report. Please note that I am forwarding your correspondence and the enclosed report to Mr. Bruce Singbush, Manager, Central Municipal Services Office, for his attention. His office will contact you directly if we have any comments or questions. Mr. Singbush can be reached at (416) 585-6564.

Thank you again for keeping us informed of this project.

Emma Goldhawk
Provincial Planning Policy Branch
Ministry of Municipal Affairs and Housing
Tel: (416) 585-6538

21/12/2007



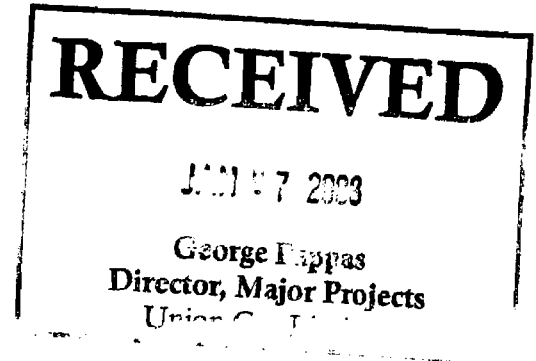
FUELS SAFETY DIVISION

Tel: (416) 734-3353
Fax: (416) 231-7525

January 2, 2008

File: CF

Mr. D. F. Schmidt
Principal Environmental Planner
Union Gas Limited
P. O. Box 2001
Chatham, ON N7M 5M1



Dear Mr. Schmidt:

Re: Union Gas Limited Proposed NPS 20 Natural Gas Pipeline to Serve the Halton Hill Generating Station.

This is in response to your letter of December 19, 2007, about the proposed construction of referenced pipeline for the cogeneration power plant.

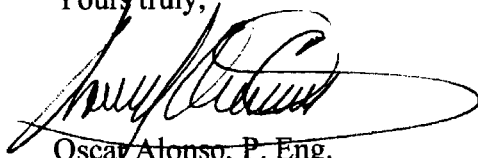
On the base of the information supplied and route options in Figure No. A-2, Preliminary Routing Opportunities, the Preliminary Preferred Route in Figure A-3 appears to be the best alternative.

This line will be operated at a stress level over 30% SMYS, and according to the forecasted growth for the Town of Milton as stated in item 3.3.4 Environmental Report (File No. 160920288), it is anticipated that construction of new industrial and commercial buildings, as well as new developments would be authorized in the area close to this pipeline by the local municipality.

In view of the above, we suggest that Union Gas should be keep aware of the planning of new developments in the proximity of the pipeline to ensure that the TSSA Guidelines for Development in the Vicinity of Oil and Gas Pipeline Facilities be taken into consideration.

Should you have any questions, please call me.

Yours truly,


Oscar Alonso, P. Eng.
Fuels Safety Engineer

...2

Mr. D. F. Schmidt

January 2, 2008

Page 2

c: Ms. Zora Crnojacki, Chairperson, OPCC, Ontario Energy Board, 2300 Yonge St., 26th
Floor, Suite 2601, Toronto, ON M4P 1E4
Mr. Adam Farr, Manager of Development Review, 1 Halton Hills Drive, Halton, ON
L7G 5G2

\\users\fsesb\oa\Schmidt 13.

Richard T. Bennett
Barrister & Solicitor

82 Queen St. South (Mississauga Road), Mississauga (Streetsville), Ontario L5M 1K6
Telephone (905) 826-1453 Facsimile (905) 826-7185

January 3, 2008

Union Gas Limited
P. O. Box 2001
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention: D.F. (Doug) Schmidt
Principal Environmental Planner

RECEIVED

JAN 07 2008

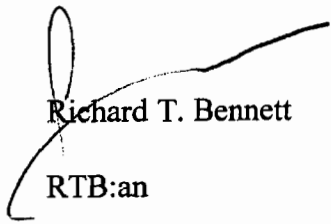
George Pappas
Director, Major Projects
Union Gas Limited

Dear Sir:

Re: Helga Carvalho, Arlete Carvalho and Lennie Carvalho
Halton Hills Generating Station Pipeline Project
My File No.: 60307

I am the solicitor for Helga Carvalho, Arlete Carvalho and Lennie Carvalho. Recently, I received two letters from your company regarding the above project and I forwarded the same to my clients. Please forward the future correspondence to my clients directly. Their address is 3646 Flamewood Drive, Mississauga, Ontario, L4Y 3P4.

Yours very truly,


Richard T. Bennett

RTB:an

Doug Schmidt

From: Silvan Bruno [Silvan.Bruno@gotransit.com]
Sent: January 3, 2008 9:18 AM
To: Doug Schmidt
Cc: Dan Francey
Subject: Union Gas Limited - Halton Hills Generating Station Pipeline Project

Dear Mr. Schmidt,

This is in response to your letter of December 19, 2007, regarding the above-mentioned pipeline project. We have reviewed the information package, including the figure provided illustrating the preferred route, and do not have any comments to offer at this time.

We suggest that CP Rail also be apprised of this project, and trust that their comments will be communicated to you.

Regards,

Silvan Bruno
Transportation Planner
Transportation Planning and Development

Tel.: 416-869-3600 Ext. 5429
Fax: 416-869-1563



Please consider your environmental responsibility before printing this e-mail

Ministry of
Transportation

Ministère des
Transports



Operations Office
Corridor Management and Property Section
301 St. Paul St, 2nd Floor
St. Catharines, Ontario L2R 7R4
Phone - (905) 704-2916; Fax - (905) 704-2481

January 11, 2008

Union Gas
P.O. Box 2001,
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Att: Doug Schmidt
Provincial Environmental Planner

RE: Halton Hills Generating Station Pipeline Project

Thank you for your letter of December 19, 2007 regarding the above noted subject.

Please be advised that I have forwarded your letter to our Toronto Office (Tom Hewitt, Head Corridor Management Office). Tom will review the proposed work and provide any comments directly to Ms. Zora Cmojacki (Chairman, OPCC) and to yourself.

If you required further information, please do not to hesitate to contact me.

Thank you.

Yours truly

A handwritten signature in black ink, appearing to read "D. Peeling".

Doug Peeling
Senior Policy Adviser

c:- T. Hewitt



January 23, 2008

Mr. David Wesenger
Senior Project Manager
Stantec Consulting Ltd.
361 Southgate Drive
Guelph, ON N1G 3M5

RECEIVED

FEB 29 2008

Dear Mr. Wesenger

Re: Environmental Report – Union Gas Pipeline Project

The Six Nations of the Grand River (Six Nations) has received notification of the Union Gas Pipeline Project which will supply natural gas service to the proposed TransCanada Energy Ltd. – Halton Hills Generating Station.

Six Nations' cultural, sustenance and other rights are recognized by the Province of Ontario by way of the 1701 Treaty of Fort Albany. Six Nations' rights and interests in relation to lands six miles either side of the Grand River (the Grand River Tract) was also confirmed by way of treaty, through the Haldimand Proclamation.

While the subject lands described in this application are not located within the Haldimand Tract, Six Nations remains concerned about the overall pace and scope of development within the Grand River Tract and region. We appreciate Stantec Consulting Ltd. for informing us of this development application.

At this time we have no further comment with regards to this application. For further information, please do not hesitate to contact Lonny Bomberry, Director Six Nations Lands and Resources, at (519) 753-0665 ext. 12.

Respectfully Yours,

Chief William K. Montour
Six Nations Lands and Resources Committee
SIX NATIONS OF THE GRAND RIVER

CC: Mr. Lonny Bomberry, Director: Six Nations Lands and Resources
Mr. Leroy Hill, Secretary: Confederacy Council of the Grand River
Minister Michael Bryant, Ontario Ministry of Aboriginal Affairs
Minister Chuck Strahl, Indian and Northern Affairs Canada

This letter is without prejudice to the positions that Six Nations has and may take in respect to its claims and litigation in relation to the Six Nations Tract/ Haldimand Proclamation Lands.



The Regional Municipality of Halton

Planning & Public Works
Planning and Transportation
Services
1151 Bronte Road
Oakville ON L6M 3L1
Fax: 905-825-8222

March 5, 2008

Mr. Doug Schmidt
Principal Environmental Planner
Union Gas Limited
50 Keil Drive North
Chatham ON N7M 5M1

Dear Mr. Schmidt:

RE: Union Gas Limited - Halton Hills Generating Station Pipeline Project Environmental Report - File No. 160960288

Thank you for the opportunity to review the above referenced report which has identified Fifth Line, south of Derry to Highway 401, as the preliminary preferred route for the proposed Union Gas pipeline. We have concerns with your chosen route as detailed below.

In response to your circulation letter dated July 9, 2007, we provided you with our comments which included the following:

"The proposed routes for the Union Gas Pipeline project should be checked against proposed routes for the Region's water and wastewater infrastructure. A Public Information Centre for the Region's water and wastewater master update will be held on Wednesday, September 19, 2007..."

All prior communications from the Region on this matter have been attached to this letter for your reference.

In the Environmental Report, page 4.5 states that "The Region indicated that their primary concern would be to ensure that the route selection does not interfere with other planned facilities and that construction impacts are reduced by working with the Region through a construction coordinating committee."

Section 6.4.2 of the Environmental Report outlines the potential impacts to the existing linear facilities. As was provided in the Region's August 22, 2007 letter, some of the routes would traverse Derry Road (Regional Road 7). It was suggested that coordination would be required with the Region of Halton's construction schedule to eliminate possible conflicts or delays. Design would also need to be coordinated with respect to depth of services given the location of the existing services. Where the Union Gas pipeline may cross intersections already reconstructed by the Region of Halton, the gas pipeline would need to traverse the newly paved road through a trenchless solution.

The report did not include, in its evaluation matrix, any criteria which incorporated interference with other utilities. Page 8.5 of the Environmental Report states "Fifth Line (south of Main Street to the existing Union Gas pipeline) has been identified as a proposed route for water and wastewater servicing...potential impacts of installing water and wastewater service are typically

greater than those associated with installing a natural gas pipeline such as the pipeline proposed for this Project.” We feel that this assessment has failed to consider what has been identified as the Region’s “primary concern” of interfering with other planned facilities.

The materials presented at the South Halton Water and Wastewater Master Plan Public Information Centre on September 19, 2007, and subsequently posted on the Region’s website indicate there are two watermain (750mm Zone 5 and 750mm Zone 4) and as well as a trunk sanitary sewer (525mm gravity main) on Fifth Line. The Environmental Report does not refer to the width of the road allowance or the availability of a corridor for locating a large diameter gas main given the fact that Halton Region has proposed three large diameter service mains within it. In addition, the report does not address our ability to install those mains which are deeper and the fact that Regional construction could be hampered by installing Regional infrastructure after the gas main is in place.

The Regional concerns mentioned above have been discussed with the Town of Milton staff, who share the Region’s concerns. The proposed servicing along Fifth Line is to address the needs of the future development of Milton. We feel these are serious concerns; and, at this time, we can not support the current choice of route. We feel that there are identified alternatives that do not impact the Region’s ability to provide water and wastewater servicing which should be given further consideration.

Regional staff look forward to working with you further on this project. If further information is required from Regional staff, please contact Shelley Partridge, Senior Planner, at Ext. 7180.

Yours truly,



Mary Lou Tanner, MCIP, RPP
Director of Planning and Transportation Services and Chief Planning Official

Attach.

c: Bruce MacLean, Director of Planning and Development, Town of Halton Hills
Bill Mann, Manager of Planning Policy, Town of Milton
Jennifer Lawrence, Coordinator, Environmental Planning, Conservation Halton
Frank Varga, Operations Manager, Union Gas
David Wesenger, Senior Project Manager, Stantec Consulting
Peter M. Crockett, P.Eng., Commissioner of Planning and Public Works
Joseph Choi, Manager of Design
Nancy Mott-Allen, Manager of Current Planning
Jacqueline Weston, Manager of Infrastructure Planning



The Regional Municipality of Halton

August 13, 2007

Planning & Public Works
Planning and Transportation Services
1151 Bronte Road,
Oakville ON L6M 3L1
Fax: 905-825-8822

Mr. David Wesenger
Stantec Consulting Ltd.
361 Southgate Drive
Guelph ON N1G 3M5

Dear Mr. Wesenger:

RE: Union Gas Limited Pipeline Project

Thank you for your letter dated July 9, 2007, providing the Region of Halton with further information on the Union Gas Limited Pipeline Project and for welcoming comments from the Region on this initiative. The following provides some initial comments and information pertaining to Regional projects and priorities within your designated study area. These comments should be considered to be preliminary at this point, and the Region of Halton looks forward to continued participation and consultation with the parties involved in this initiative.

Roads

Any Regional Roads or crossing of Regional Roads would be subject to a review process by the Region. Given that Union Gas will be undertaking the work, they are subject to the Municipal Consent process. The Region of Halton has planned for the widening of Derry Road (Regional Road 7) for 2008. This work is currently in its detailed design phase, and the Region's Project Manager is Joe Proietti at ext. 7613 and the Manager of Design Services is Joseph Choi at ext. 7610.

Servicing

Halton Region is currently completing an update of the South Halton Water and Wastewater Servicing Master Plan. The proposed routes for the Union Gas Pipeline Project should be checked against proposed routes for the Region's water and wastewater infrastructure. A Public Information Centre for the Region's Master Plan Update will be held on Wednesday, September 19, 2007, from 5:30 to 9:00 pm, at the Halton Regional Centre, Auditorium, 1151 Bronte Road, Oakville. A memo to the Region's Planning & Public Works Committee on the PIC may be found on the Region's website at:

<http://www.halton.ca/sirepub/agdocs.aspx?doctype=agenda&itemid=2672> For further information please contact the Region's Project Manager, Lisa De Angelis, at ext. 7547.

Planning Considerations

The Region of Halton Official Plan (2006) designates over half of the study area as being within the Agricultural Rural Area and more specifically identifies that land as being within the Prime Agricultural Area. Also designated in the study area are portions of Greenlands A which follow the watercourses. The remainder of the property falls within the Urban Area of Milton, identified for future industrial development. The Town of Halton Hills also has an Urban Area within the study area which extends as far east as Winston Churchill Boulevard (Regional Road 19) and is found between Steeles Avenue (Regional Road 8) and Highway 401. Of provincial note, there is a band of land following the valley systems that falls within the Greenbelt Plan and is identified as being with the Natural Heritage System.

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There is also a portion of the Parkway Belt West Area found within the study area. Although not mapped within the Region's Official Plan, there is archaeological potential throughout the entire study area. The Ministry of Culture is still the clearance agency for any archaeological reports undertaken for this project. Based on the information provided to date, this project may have an impact on the Agricultural Rural Area or the Greenlands System in Halton, and we hope to continue providing input into this project with respect to those Regional priorities. There should also be efforts made to continually involve Conservation Halton staff into this review process.

Information about this project was shared with the Halton Agricultural Advisory Committee (HAAC) on Tuesday, August 7th and with the Ecological and Environmental Advisory Committee (EEAC) on Wednesday, August 8th. There was some discussion at the HAAC meeting, and one of the members is interested in providing further input into this project. Regional staff will ensure that further information on this initiative is shared with HAAC and will incorporate HAAC's comments into the input provided by the Region.

Regional staff look forward to working with you on this project. If further information on this matter is required from Regional staff, please contact Shelley Partridge, Senior Planner, at ext. 7180.

Yours truly,



Mary Lou Tanner, MCIP, RPP
Director of Planning and Transportation Services

- c: Bruce MacLean, Director of Planning, Town of Halton Hills
Mel Iovio, Director of Planning and Development, Town of Milton
Jennifer Lawrence, Coordinator - Environmental Planning, Conservation Halton
Frank Varga, Operations Manager, Union Gas
Joseph Choi, Manager of Design Services
Nancy Mott-Allen, Manager of Current Planning



The Regional Municipality of Halton

PLANNING & PUBLIC WORKS DEPARTMENT
ENGINEERING SERVICES
Tel: 905-825-6000 Fax: 905-847-2192
Toll free: 1-866-4HALTON (1-866-442-5866)

August 22, 2007

Frank Varga, Operations Manager, Union Gas
4450 Paletta Court
Burlington, Ontario
L7L 5R2

Re: Union Gas Limited Pipeline Project Environmental Report

The design for the reconstruction of Derry Road (Regional Road 7) from James Snow Parkway (Regional Road 4) to 407 Highway is nearing completion. The project involves the widening of Derry Road (Regional Road 7) from a 2 lane to 4-lane rural roadway, with some urbanized sections, and improvements at the Fifth Line, Sixth Line and Eighth Line intersections. Two existing bridge structures located between Sixth Line and Trafalgar Road will also be reconstructed and, to permit reconstruction of the bridges, this area of Derry Road will be closed to through traffic for a period of 4 months during the summer of 2008. The reconstruction of Derry Road (Regional Road 7) is scheduled to commence late fall of 2007, and is expected to be completed by the end of 2009.

The Preliminary route map figure no. 1.0 illustrates the alternative routes within the above mentioned project limits which will traverse Derry Road. With respect to the proposed alignments, coordination will be required with our construction schedule to eliminate possible conflicts or delays. Method of construction will need to be determined to minimize disruption to traffic and well as progression of work. Open cut installation of the 20 - 24 inch union gas pipeline will be considered if construction can be completed prior to paving. Otherwise, construction method allowed to traverse the newly paved road would be a trenchless solution.

If you have any questions about this project or wish to discuss this project further, please feel free to contact the undersigned at ext. 7610 or Mr. Joseph Proietti, C.E.T., Design Supervisor at ext. 7613.

Yours truly,

J. Choi, P.Eng.
Manager, Design Services

c: Mary Lou Tanner, Director of Planning and Transportation
Tim Dennis, Director of Engineering Services
Nancy Mott-Allen, Manager of Current Planning
Shelley Partridge, Senior Planner



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

Stantec

April 7, 2008
File: 160960288

Mary Lou Tanner, MCIP, RPP
The Regional Municipality of Halton
Planning & Public Works
Planning and Transportation Services
1151 Bronte Road
Oakville ON L6M 3L1

Dear Ms. Tanner:

Re: Halton Hills - Natural Gas Fired Power Plant

I would like to thank you for taking the time to meet with Union Gas and Stantec on April 1, 2008 and for your letter of March 5, 2008 regarding the project by Union Gas to bring natural gas services to the proposed Halton Hills power generating station.

As you know, this proposed expansion of Union Gas's natural gas pipe system must first be reviewed and approved by the body that regulates the energy sector in this province, the Ontario Energy Board (OEB).

An integral part of Union's OEB application is the environmental report (ER). This environmental report is prepared in accordance with the OEB's environmental guidelines. Stantec has followed these guidelines in the preparation of the ER which was the subject of your March 5 letter. Stantec in completing the ER looks at all aspects of the environment in the study area including physical, natural and social features. After looking at all of these different competing features and through extensive consultation, Stantec determined that the Fifth Line route was the preferred location for the proposed pipeline.

I would like to share with you and your office the consultation process and information that has been exchanged and the feedback we received from your municipality to date. I do go into a fair amount of detail, but do so to assure you that your comments were considered in the planning process and to explain the thorough process that guided us to recommend the pipeline route we did:

As documented in the Environmental Report ("ER"), Union Gas and Stantec consulted with the Regional Municipality of Halton ("Halton Region") prior to and throughout the ER process. Prior to the Project commencement (June 7, 2007), Union Gas and Stantec met with Halton Region to discuss the Project in general, the preliminary alternate routes and to identify any concerns regarding the alignment of the alternate routes prior to releasing information to the general public and agencies.

Reference: Halton Hills – Natural Gas Fired Power Plant

Halton Region commented that the route selected should not interfere with other planned facilities and that construction impacts be reduced by working with Halton Region through a construction coordinating committee. Halton Region did not indicate any significant concerns with the routes identified and was pleased that Steeles Avenue and Trafalgar Road had been screened out from consideration as alternate routes.

The first Public Open House, held on August 1, 2007, provided stakeholders an opportunity to review the alternate routes, including the Fifth Line route alignment. Barb Paterson and Shelley Partridge registered their attendance at the first Public Open House indicating that they were in attendance representing the interests of Halton Region.

In response to Stantec's request for information dated July 9, 2007, Halton Region submitted a response letter dated August 13, 2007. In their response Halton Region informed Stantec that they were updating the South Halton Water and Wastewater Servicing Master Plan Update Municipal Class EA Study. In addition, Halton Region recommended that the Union Gas Pipeline routes be checked against proposed routes for the Halton Region's water and wastewater infrastructure. This was completed. No indication was made of a potential conflict regarding Halton Regions' infrastructure and the Union Gas Pipeline co-existing within the same road allowance/corridor (i.e., Fifth Line).

On August 15, 2007 Stantec distributed letters to Halton Region, including the planning department, requesting information which would assist in the completion of a cumulative effects assessment being prepared for the Project. Stantec requested any information relating to proposed public works or other developments within the Study Area. Various follow-up calls were made to Halton Region by Stantec during September through to the completion of the ER requesting information regarding any proposed development in the study area that had the potential to interact with potential impacts associated with Union Gas's proposed pipeline. No information was provided in response to Stantec's request regarding Halton Region's planned water and wastewater infrastructure or concerns interacting with Union Gas's Project.

In addition, a call was placed by Stantec on August 17, 2007 to Lisa De Angelis (Halton Region Infrastructure Planning) requesting further information relating to the South Halton Water and Wastewater Servicing Master Plan. A message was left requesting a call back to further discuss the Master Plan, Stantec has no record indicating that this call or follow-up calls regarding this matter were returned.

In correspondence dated August 22, 2007 J. Choi (Manager, Design Services, Halton Region) informed Frank Varga (Union Gas) about potential issues associated with reconstruction of Derry Road and the proposed Union Gas works. Specifically, Halton Region advised that construction would need to be coordinated with Halton Region's construction schedule to eliminate delays or conflicts. This recommendation is included in the ER.

Reference: Halton Hills – Natural Gas Fired Power Plant

It was indicated that open cut (prior to paving of Derry Road) or a trenchless solution for traversing Derry Road would be allowed. As indicated in Section 6.4.2 of the ER, the Derry Road and Main Street crossings will be completed using a horizontal direction drill. These methods will install the pipeline underneath the road crossings without any disturbance to the roadways and thus no disruption to traffic flow.

On September 17, 2007 Stantec distributed letters to all agencies, including Halton Region, inviting comments regarding the alignment of the Preliminary Preferred Route. This correspondence also notified all recipients of the second Public Open House scheduled for October 17, 2007.

Union Gas, Stantec and Halton Region met for the second time on October 16, 2007 (the day prior to the second Public Open House). Attendees from Halton Region included Nancy Mott-Allen and Tim Dennis; Mel Iovio from the Town of Milton was also in attendance. During this meeting Stantec clarified the Public Open House purpose and how public and stakeholders are involved in the process. Stantec also explained the route evaluation process which led to the identification of Fifth Line as the Preliminary Preferred Route. Stantec reminded each municipality that the final alignment of the Preliminary Preferred Route would be confirmed after the second Public Open House and that Stantec/Union Gas were seeking input that could affect the advancement of Fifth Line to be the Final Alignment. The placement of the pipeline (i.e., road allowance or easement) was discussed with the indication that the use of the untravelled portion of the road allowance would be utilized to the extent possible with the exception of the east/west portion of the route at the north end where easement would be obtained.

During the October 16 meeting Halton Region indicated that their comments regarding the Project had been communicated in previous correspondence (August 13, 2007) in which Halton Region requested that the Union Gas Pipeline routes be checked against proposed routes for Halton Region's water and wastewater infrastructure. During the meeting Halton Region requested that their comments be reflected in the ER.

During the public consultation process, Stantec or Union Gas did not receive any indication from Halton Region that the pipeline and Halton Region's infrastructure could not co-exist within the same road allowance/corridor.

The Second Public Open House was held on October 17, 2007 to provide stakeholders an opportunity to review the Preliminary Preferred Route proposed within the Fifth Line road allowance. Shelley Partridge attended the second Public Open House representing Halton Region; no comments were received from Halton Region in response to the second Public Open House, earlier meetings and numerous calls to the Region (specifically to Lisa De Angelis) regarding the location or alignment of the Preliminary Preferred Route.

Reference: Halton Hills – Natural Gas Fired Power Plant

As noted in the consultation record above, Halton Region initially expressed concern regarding route selection not interfering with other planned facilities and that the proposed routes for the Union Gas pipeline should be checked against proposed routes for the Region's water and wastewater infrastructure.

Stantec's ER notes Halton Region's comments and identifies the proposed route for water and wastewater servicing. The preferred pipeline route was chosen in consideration of these and numerous other considerations brought forward by all stakeholders. Throughout the ER process, including attendance at two meetings and two Public Open Houses, Halton Region did not communicate a preference or concern for any of the alternative pipeline routes, or indicate that the proposed Union Gas pipeline could not co-exist with Halton Region's planned water and wastewater infrastructure within the Fifth Line road allowance. Furthermore, at no time did Halton Region indicate that the gas pipeline would "hamper" the Region's ability to install the watermains after the gas pipeline is in place. Halton Region was provided with numerous opportunities to review the proposed route alignment but did not identify its engineering or operating concerns during the ER process. In fact no communication was received from the Region, despite calls from Stantec, between Oct 16, 2007 and your letter of March 5, 2008. The only issues identified were with respect to road crossings and Union had responded that these would be completed by directional boring as to not interfere with the reconstruction of the roads.

Both Stantec and Union Gas are experienced in dealing with complex situations where utilities co-exist, and in their opinion there is sufficient room to accommodate all proposed infrastructure projects within the Fifth Line corridor. Also, it was our strong sense based upon the consultations, that the Region had no issues with a Union Gas pipeline and the Region's water infrastructure sharing the same road allowance. Union Gas is prepared to continue its long standing practice of working cooperatively and consulting on a personal basis with Halton Region, Halton Hills and Milton to resolve engineering issues and is confident it can do so in this case. As agreed in our April 1, 2008 meeting, Union will be in contact Lisa De Angelis of the Region of Halton to arrange a meeting(s) between engineering staff from Union Gas, the Town of Milton and Halton Region in order to deal with engineering and operating issues.

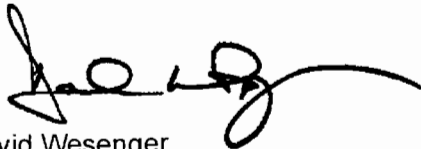
It is Stantec's understanding that the Notice of Commencement for South Halton Water and Wastewater Master Plan Update Class EA was issued September 7, 2007. We also understand that Regional council directed staff to issue a Notice of Completion for the South Halton Water and Wastewater Master Plan on January 30, 2008. The Notice of Completion allows stakeholders to review the Master Plan for 30 days and submit requests for Part II Orders to the MOE during the 30 day review period. Stantec assumes that the 30-day review period is now over, however an actual notice of completion could not be found on the project website. With regard to the South Halton Water and Wastewater Master Plan Update Class EA Stantec Consulting Ltd. and Union Gas Ltd. hereby request to be provided with confirmation that a Notice of Completion was issued.

Reference: Halton Hills – Natural Gas Fired Power Plant

It is Union's position to continue on with the OEB process and to move forward with this proposal on Fifth Line. It is also our understanding that The Town of Milton supports the Fifth Line route. We look forward to meeting with the Region to further discuss this issue and are confident that with Union's long standing practice of consultation that a workable solution can be achieved with respect to engineering and operating matters. As agreed we will be following up with your office in this regard in the near future through Lisa De Angelis to discuss and consult with respect to the outstanding engineering and operating matters.

Sincerely,

STANTEC CONSULTING LTD

A handwritten signature in black ink, appearing to read 'David Wesenger', with a long horizontal flourish extending to the right.

David Wesenger
Senior Project Manager

- c. Doug Schmidt, Union Gas
Bruce MacLean, Director of Planning and Development, Town of Halton Hills
Bill Mann, Manager of Planning Policy, Town of Milton
Mel Iovio, Director of Planning, Town of Milton
Jennifer Lawrence, Coordinator, Environmental Planning, Conservation Halton
Frank Varga, Operations Manager, Union Gas
Peter M. Crockett, P.Eng., Commissioner of Planning and Public Works, Halton Region
Joseph Choi, Manager of Design, Halton Region
Nancy Mott-Allen, Manager of Current Planning, Halton Region
Jacqueline Weston, Manager of Infrastructure Planning, Halton Region
Peter Dailleboust, Assistant Corporate Counsel, Halton Region



2596 Britannia Road West
RR2, Milton, Ontario L9T 2X6
905.336.1158 Fax 905.336.7014
www.conservationhalton.on.ca

March 6, 2008

Mr. Doug Schmidt
Union Gas
P.O.Box 2001
50 Keil Drive North
Chatham, ON
N7M 5M1

Dear Mr. Schmidt:

**Re: Union Gas Halton Hills Generating Station Pipeline Project
Final Environmental Report
CH File: MPR 447**

Staff of Conservation Halton have reviewed the above noted report, prepared by Stantec Consulting, dated December 2007 and offer the following comments.

Please note that the following comments have been provided by Conservation Halton's terrestrial and aquatic ecologists. Specific comments from Conservation Halton's engineering department will follow separately.

The purpose of the report is to identify and evaluate route alternatives for a pipeline by which Union Gas can serve the TransCanada Energy Generating Station. The Generating Station is located at the southwest corner of Steeles Avenue and Sixth Line in Halton Hills. The preferred alternative is primarily located within the western limit of the Fifth Line road allowance however, north of Highway 401 the route travels east to the Generating Station. The eastern portion of the route will require a crossing of Sixteen Mile Creek. The north-south alignment will require crossings of several smaller tributaries of Sixteen Mile Creek. These watercourses are regulated by Conservation Halton and all works within Conservation Halton's regulated area will require a Permit at detailed design stage. The requirement for such Permits is not reflected in the text of the report. As a result, the report does not appear to anticipate that Conservation Halton may require additional detailed information prior to approving any works within our regulated area.

Main Report

1. Section 1.3, Objectives of the ER- Conservation Halton's regulation is incorrectly referred to as Ontario Regulation 97/04. Please note that the correct citation is Ontario Regulation 162/06 - Development, Interference with Wetlands and Alterations to Shorelines and Watercourses.
2. Section 1.4, Approval Process and Regulatory Requirements – Please note that Conservation Halton will review the detailed plans of the crossings in the future on behalf of DFO as part of our Level 2 Agreement to review Section 35 of the Fisheries Act unless otherwise agreed to by DFO and Union Gas.

3. Section 3.1, Data Sources and Mapping - This section is generic and does not specify which data sources were actually consulted for this project; for example, "Where agencies requested that information be kept confidential, such as the precise location of rare, threatened, vulnerable or endangered species and archaeological sites, such information has been withheld from the report or mapped in such a way that specific site locations are not identified." It would be more helpful to summarize for this project: 1) which agencies were actually contacted; 2) whether any sensitive features were identified; and, 3) how they were dealt with.
4. Section 3.3.3, Biophysical Features and Section 6.3.3, Wetlands - Staff agree that there are no provincially significant wetlands within the study area, but wish to advise that our mapping indicates the presence of some wetlands that would be considered regulated under Conservation Halton regulation. Although we do not anticipate any issues with respect to wetlands along the preferred route, wetlands will need to be addressed in greater detail at detailed design.

Further, staff note that both brook trout and rainbow trout have been found in one or more tributaries within the study area including the Middle Branch and Mid-East Branch of Sixteen Mile Creek which are considered coldwater. These fish are not mentioned in the text but are noted in the list of fish in the appendices.

Also, reddsides are a species at risk that is found within 2 kilometres upstream of the study area in the Mid-East Branch of Sixteen Mile Creek (provincially threatened and federally of special concern/endangered pending review). Since reddsides have been documented to travel up to 1 kilometre within several weeks (Mark Poos, University of Toronto 2007) consideration for reddsides within the Mid-East Branch is warranted.

5. Section 4.2.3 – Stakeholder Consultation – staff wish to clarify the comments pertaining to Conservation Halton's involvement in the preliminary portion of this study. Specifically, the report states that Conservation Halton noted that it is not our policy to submit comments on alternate routes and that we would only provide technical comments on a preferred route when it was submitted with the ER. To clarify, Conservation Halton staff advised that consultant that we would not advise to a preferred route until such time as the final ER was submitted as that is the purpose of an Environmental Report. It would be improper for Conservation Halton to identify a preferred route prior to having all of the essential information pertaining to each route alignment by which to make our determination. In addition, the report would seem to suggest that Conservation Halton did not supply the requested mapping information. Our file indicates that 19 maps outlining Conservation Halton's approximate regulated areas were sent to Stantec on August 9, 2007.
6. Section 5.4, Step 4 – aquatic ecology staff are agreeable to the preferred route which involves several crossings of smaller intermittent creeks/drainage features and a larger crossing of the Middle Branch of Sixteen Mile Creek. Staff have no objections to the proposal for the pipeline to follow along the western side of Fifth Line to avoid encroachment into the valley of Sixteen Mile Creek Middle Branch.

7. Section 5.1.2, Environmental Constraints and Opportunities - Staff question why the 19 vulnerable/rare species noted within the study area in Section 3.3.3 were not listed as constraints in this section, nor have they been shown on Figure C3, Appendix C1?
8. Table 5-1 is well organized and helpful.
9. Section 6.1.1, Physiography - Although staff are supportive of initiating vegetation clearing, grading, etc. as close as possible to the date of creek crossings to minimize the risk of sedimentation, please refer to the *Migratory Birds Convention Act* with respect to disturbance of breeding bird habitat during nesting season. A fact sheet is attached for further information.
10. Section 6.1.5 – As discussed above, the Middle Branch of Sixteen Mile Creek at the proposed crossing point is considered coldwater habitat due to the presence of rainbow trout and is **not** considered warmwater habitat. This should not effect the selection of this alternative as preferred however, it an important consideration for mitigative measures and considerations for construction techniques. Due to the presence of rainbow trout, there is a potential that localized groundwater discharge to the Middle Branch of Sixteen Mile Creek could be disrupted by the installation of the pipeline. Staff recommend that additional measures, such as additional studies and mitigation measures (i.e., clay plugs) be implemented to prevent groundwater disruption to the coldwater creek. These localized groundwater inputs can be extremely important to local populations of fish. These details will be required as part of detailed design and the Permit application for the crossing.
11. Section 6.3.1, Watercourses and Fisheries – see comments for Section 6.1.5. Also, the construction timing window for instream works for the Middle Branch of Sixteen Mile Creek is July 1 – September 15 and the remaining creeks representing fish habitat is likely July 1 – March 30, subject to detailed design. It is our preference that trenchless crossing techniques be used for the Middle Sixteen Mile Creek crossing. The appropriate studies as per the DFO Operational Statement must be completed as part of detailed design.

The effects of hydrostatic testing may involve additional mitigation measures not discussed in this section however, this can be finalized at detailed design.

Aquatic ecology staff look forward to reviewing the detailed design for this project that are not covered under the Union Gas/DFO agreement or operational statements. Staff recommend that, at detailed design, Conservation Halton is contacted to discuss, among other issues, fisheries related items.

12. Section 6.3.2, Vegetation - Although generalized statements are made about the presence of common, disturbance-tolerant species, it is unclear from the wording of this section whether any vegetation surveys were actually conducted to confirm these conditions. Staff suggest that plant surveys be undertaken during detailed design to ensure that no additional mitigation measures are warranted. Conservation Halton's planting guidelines (<http://www.conservationhalton.on.ca/ShowCategory.cfm?subCatID=1168>) and associated

appendices should be referenced to determine appropriate species for restoration of any disturbed areas. Also see comment #9, above.

13. Section 6.3.5, Wildlife - The exact location of rare species is made available to project proponents by MNR on a "need to know" basis. In this case, Aurora District MNR should be contacted to determine whether any of the 19 rare species identified by the NHIC may be impacted by the proposed undertaking. Unless there will be a qualified ecologist on-site during construction, it is unacceptable to suggest that protective measures will be determined "in the event that significant species are encountered" because personnel involved in construction generally would not recognize most significant species. Reconnaissance-level wildlife habitat surveys are recommended at detailed design.
14. Section 8.3.3, Year 2015: Maintenance - Staff disagree with the assertion that potential cumulative impacts to terrestrial fauna will diminish between 2007 and 2012, particularly in light of ongoing urban expansion.
15. Section 9.1.3, Vegetation - See comments #9 and #12, above.

Appendix C2- Environmental and Socio-Economic Setting Text

16. Section 3.2.1, Wetlands - It should also be noted that all wetlands meeting the definition of a wetland are regulated by Conservation Halton under Ontario Regulation 162/06. There are several such wetlands within the study area.
17. Section 3.3, Wildlife - This section is very generic. At a minimum during detailed design, a qualified ecologist should conduct reconnaissance-level field surveys to specifically determine potential habitat suitability for the various significant species noted generally within the study area. If any potentially suitable habitat exists, further study will be required to determine what impacts, if any, may occur during the proposed works, in addition to mitigation requirements.
18. Page 3.7 - The first sentence on this page is cut off.
19. Attachment 1 - The Ontario Breeding Bird Atlas square that covers the study area is 17NJ92, not 17PJ03. Regardless, the species list is of limited utility without some discussion to put it into context. There should be a reference to relevant species within the text of the report.

Appendix D, Photomosaics

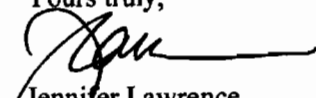
20. The mitigation notes should discuss requirements pertaining to the woodlot south of Derry Road, east of Fifth Line (e.g.- equipment staging area to be located outside of woodlot).

As noted at the beginning of this letter, additional comments from an engineering perspective will be provided separately. These comments will likely relate more specifically to the Permit requirements for works within Conservation Halton's regulated area. It is important to note that the precise location for the pipeline in the vicinity of valley walls may need to be revised to meet Conservation Halton's policies at

detailed design. Specifically, in Section 6 there is mention of cutting into the slopes of Sixteen Mile Creek. Conservation Halton may require that an alternative be considered in this specific location (i.e., on the opposite side of the road) to avoid impacts to the valley wall.

We trust the above is of assistance. If you require additional information please contact the undersigned at extension 266.

Yours truly,



Jennifer Lawrence
Manager, Environmental Planning

cc: Ms Shelley Partridge, Region of Halton, Planning, fax
Mr. Curtis Marshall, Town of Halton Hills, Planning, fax
Mr. Steve Grace, Town of Halton Hills, Engineering, fax
Mr. Martin Bateson, Town of Milton, Engineering, fax

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Encl. (1)

Construction & the Protection of Migratory Birds

KNOW YOUR LEGAL OBLIGATIONS

Situation

Migratory birds or their habitats could be destroyed by construction activities.

During pre-construction or during construction, migratory birds may inhabit development sites for feeding, shelter or raising their young.

Consequences

Migratory birds are protected by federal legislation.

Harming migratory birds or destroying their habitats can lead to prosecution of the project owner, consultant and contractor, as well as individuals representing these parties.

Under the federal *Migratory Birds Convention Act*, successful prosecution of corporations can result in fines of up to \$250,000 or for individuals, fines of up to \$100,000 and/or imprisonment (up to five years). Subsequent or continuing offences can result in substantial fines.

Solution

Every project owner, consultant and contractor must carry out due diligence to protect migratory birds from harm on all construction projects.

CONTRACT DOCUMENTS

Standard contract documents fail to address wildlife protection. Such provisions can be addressed in the project special conditions or specifications. Circumstances for the potential presence of migratory birds should be described. Mitigation procedures to avoid harm to migratory birds and their habitats should be prescribed.

PRE-CONSTRUCTION MEETINGS

All meeting agendas should contain a standard item on the protection of wildlife and their habitats. Procedures in the contract documents pertaining to wildlife protection and mitigation should be clearly communicated to front-line workers on the project.

DURING CONSTRUCTION

If there is evidence that migratory birds are actively inhabiting an area that may be affected by construction, all work in the immediate vicinity should STOP immediately. The site supervisor should contact the appropriate authorities for advice and assistance. Until permission is granted to the owner, consultant, or site supervisor to proceed with construction, construction activities will remain suspended.

Mallard Duck/
U.S. Fish and Wildlife Service

Red-headed Woodpecker/
U.S. Fish and Wildlife Service

Bank Swallow/Jim Richards

Caspian Tern/John Mitchell

American Robin/
U.S. Fish and Wildlife Service

Great Blue Heron/John Mitchell

FOR MORE INFORMATION

**Canadian Wildlife Service
Ontario Region**

Tel: 905-336-6410

Web: www.on.ec.gc.ca/wildlife

**Ontario Society for the Prevention of
Cruelty to Animals**

Tel: 1-888-ONT-SPCA (668-7722)

Web: www.ospca.on.ca

You may have obligations under the federal *Species at Risk Act* (SARA) with regard to the protection of species at risk of extinction or extirpation in Canada.

Information is available on the public registry: www.sararegistry.gc.ca

The information presented has been approved by Environment Canada.

Canada Goose/Eric Dresser



uniongas

A Spectra Energy Company

April 4, 2008

Manager, Environmental Planning
Conservation Halton
2596 Britannia Road West
RR2, Milton, Ontario,
L9T 2X6

Attention: Jennifer Lawrence

**Re: Union Gas Halton Hills Generating Station
Final Environmental Report
CH File: MPR 447**

Dear Ms. Lawrence

Thank you for your letter dated March 6, 2008 regarding the above mentioned project. We have reviewed your comments and offer the following in response.

Union Gas can assure Conservation Halton, that it is aware of the necessary permit requirements and that a detailed application for watercourse crossings will be submitted towards the end of 2008.

Main Report

Please note our comments have been numbered to reply to the numbering system provided in your letter of March 6, 2008.

1. Thank you for the clarification regarding Ontario regulation 162/06 – Development, Interference with Wetlands and Alterations to Shorelines and Watercourses. The correct reference has been noted and will be reflected in any further correspondence.
2. Comment noted.
3. Thank you for the recommendation. The agencies which were contacted regarding the Project are shown in Appendix B2 and where agency resources (such as the Ministry of Natural Resources ("MNR") Natural Heritage Information Centre) were utilized, they were sourced within the main report and appendices. Significant natural features are discussed in Section 3.3.3 of the ER and Section 3 of Appendix C2. Specifically, Section 3.3.1 of Appendix C2 discusses rare, threatened or endangered species within the Study Area, including those obtained from Environment Canada (EC) and the MNR. The presence of these species was then taken into consideration within ER Sections 5 and 6. ER Section 6.3.5 addresses rare, threatened or endangered species.
4. Union Gas acknowledges that non-provincially significant wetlands exist within the Study Area that would be considered regulated under Conservation Halton regulation. Union Gas will work with Conservation Halton during the detailed design stage to address any concerns.

Information regarding the presence of both brook trout and rainbow trout within the Study Area and the location of reddsides upstream of the Study Area will be incorporated into the watercourse crossing plan for each individual stream.

5. Conservation Halton's policy with respect to commenting on preferred routes prior to the issuance of the ER is understood. Stantec received and considered the mapping provided by Conservation Halton on August 9, 2007, this data was used in the creation of the report mapping in Appendix A and C1.

P.O. Box 2001, 50 Kell Drive North, Chatham, ON, Canada N7M 5M1 tel. 352 3100

Union Gas Limited.



uniongas

A Spectra Energy Company

6. Comment noted.
7. Rare, threatened or endangered species were considered in the assessment of the alternate routes. Based on mapping provided by the MNR, only one sensitive species (name of the species is not provided by the MNR to protect the species) was shown as potentially being present along the preliminary preferred route. EC provides species ranges which cannot be mapped as a single point as some species such as the Cerulean Warbler and Henslow's Sparrow cover the entire Study Area and much of the Golden Horseshoe. Appendix C2, Section 3.3.1 also indicates that the 19 species could be found within the Study Area and the locations identified by EC and MNR may and often do change from year-to-year. Thus, the information may not be accurate if placed as a single point or box on the project mapping and influencing the selection of one route over another.
8. Comment noted.
9. Thank you for the attached fact sheet. Union Gas is aware of the Migratory Birds Convention Act and the concerns of removing vegetation during the nesting season. At this time it is Union's preference to horizontally directional drill watercourses along the proposed route and leave in place the vegetation at watercourses.
10. As mentioned in ER Section 6.3.1, the Middle Branch of Sixteen Mile Creek is proposed to be crossed via a horizontal direction drill ("HDD") and thus no in-water works will be required for the crossing.
11. In reference to ground water discharge to the Middle Branch of Sixteen Mile Creek and Conservation Halton's comment "Staff recommends that additional measures, such as additional studies and mitigation measures (i.e. clay plugs) be implemented to prevent ground water disruption to the cold water creek". Union proposes to meet with Conservation Halton to obtain further clarification on this concern and potential mitigation.
12. Union agrees with Conservation Hilton's suggestion to complete plant surveys, it is Union's intent to retain Stantec Consulting to undertake the survey's once conditions become favourable. Mitigation measures will be responsive to the results of the plant surveys and Conservation Halton's concerns.
13. Two members of the Aurora District MNR (Fish and Wildlife Clerk and the Area Supervisor) were contacted throughout the Project; Aurora District was also provided a copy of the ER for review and comment. No comments were received from either of the two MNR contacts. Reconnaissance-level wildlife habitat surveys will be completed prior to the detailed design stage.
14. Thank you for your comments regarding the statement made within Section 8.3.3. While urban expansion is planned for the foreseeable future within the Study Area and surrounding area, it is believed that the actual impact on terrestrial fauna within the Study Area resulting directly from the proposed pipeline (specifically along the Preferred Route) will decrease after the pipeline has been installed. The direct effect of urban expansion upon terrestrial fauna in the study area is significant, in Stantec's opinion the additive effect of pipeline construction and operation is insignificant upon this particular feature when combined with the effect of urban expansion.
15. Please see # 9 and # 12 above.

Appendix C2 – Environmental and Socio-Economic Setting Text

16. Please see # 4 above.
17. Reconnaissance-level field surveys will be completed prior to the detailed design stage to specifically determine potential habitat suitability for the significant species identified within the ER.
18. The end of the sentence was to read corridors for the "health" of the natural environment.

P.O. Box 2001, 50 Kell Drive North, Chatham, ON, Canada N7M 5M1 tel. 352 3100

Union Gas Limited



uniongas

A Spectra Energy Company

19. Thank you for the recommendation with regards to a reference to the relevant bird species within the text of the report.

Appendix D, Photomosaics

20. With regard to the mitigation notes shown on the photomosaics, no works will be conducted within the woodlot south of Derry Road, east of Fifth Line. Subsequently, no mitigation recommendations have been shown.

In Section 6 of the ER there is reference made to "cutting into the slopes of Sixteen Mile Creek". This reference pertains to grading that may take place at a watercourse crossing to eliminate an extremely deep and wide trench. Grading may take place when using the dam & pump crossing technique and is part of the generic sediment control plan that has been recently endorsed by the Department of Fisheries and Oceans. At this time Union is not anticipating "cutting" or "grading" at any watercourse and is proposing to implement the horizontal directional drill technique.

It is my suggestion that Union Gas and Conservation Halton meet on site to discuss these matters further. I will be in touch over the next couple of weeks to discuss setting up such a meeting. Thank you again for your comments and we trust the above information and a proposed on site meeting will be of assistance.

Sincerely,

UNION GAS LIMITED

D.F. (Doug) Schmidt
Principal Environmental Planner
1-800-571-8446, Ext. 2895

ENVIRONMENTAL REPORT (ER) – REVIEW

Project Name	Union Gas Limited Pipeline Project		
Date	Mar 10, 2007	HONI EA No.	10050A
Name	Bob Wellington / Doug Schmidt bwelling@uniongas.com dschmidt@uniongas.com	Municipality	Town of Halton Hills
Tel. No.	(905) 548-3456	Intersection	5th line and Main St.
Company	Union Gas	Land Use	Union Gas Pipeline Project

Thank you for your letters dated Dec 6th and 19th, 2007 with information on RE update as well as re-assurance of your cognizance with our safe work requirements as outlined in our initial response to the project during the ER process. Please find below our response to your letters ;

1- The intent for the location of the pipeline has now been put forward to be for the westerly road allowance subject to pending municipal consent. It was however recommended in our initial review dated October 19th, 2007 that the pipeline is located on the easterly road allowance. You may however like to re-consider the intent in view of a further reasoning, that there is likely be future expansions to the existing transmission infrastructure within the Hydro One owned land, which is located to the north of the RoW on the West side of 5th Line.

2- Hydro One steel tower structures currently located on the west side of 5th line are considered to be at a relatively safe distance away from the subject construction work, however the potential impact of the pipeline crossing a critical backbone transmission corridor with 500kV circuits at this location can not be undermined.

3- Further to my phone conversation with B. Wellington dated March 6th, 2008, I would also like to re-iterate that Cathodic Protection Systems (CPS) may have a major impact on our tower footings as well as ground system connections. Hydro One must therefore be assured that the planned CPS for the subject pipeline does not adversely impact the integrity of any metallic structures as well as grounding systems which are in close proximity of the subject pipeline crossing.

4- In order to achieve the above objective, proponents of Pipelines are required to undertake an engineering assessment at their own cost and complete it prior to the start of the pipeline construction with details of analysis and sound approaches taken as required to mitigate the potential risks to Hydro One infrastructure.

5- As promised, please also find below for your advance information on our additional standard requirements that are applicable to the subject pipeline installation.

- Safe working practices will be followed including strict compliance with OHSA, Section 186 for a minimum clearance of six (6) meters from existing 500kV lines in the area.
- The engineering assessment for CPS and its impact on stray currents must be completed by the proponent and submitted with plans and drawings for Hydro One review prior to the start of the planned construction date in Spring 2009.
- Approval is required for blasting in and around transmission lines and structures.
- Pressure testing of pipelines with combustible or toxic gas and/or its storage in RoW is not allowed.
- There will be no storage of any material /equipment within or adjacent to RoW without the permission of Hydro One.
- Access to the subject Transmission RoW from 5th line must not be impeded in any way, and be kept clear at all times.
- A minimum of six (6) m wide clear access entrance is required to RoW and/or transmission structures from the 5th Line at all times for Hydro One emergency field crews.
- Pipelines must withstand the weight of moving heavy equipment, CS-300 loading according to CSA S6, mobile cranes set up for work with counter weights in place- 267 k N per tandem axle, dual wheel, 1.53 axle spacing, 360 mm tires.
- Installation of concrete slabs over the pipeline is a standard requirement within a RoW environment.

Should you have any questions and / or clarifications, please do not hesitate to contact me.

Charles Esendal, P.Eng.
Sustainment Manager
Lines Information Systems & Programs
Hydro One Networks, Inc.
483 Bay St. Toronto M5G 2P5
Phone: (416) 345-5931
charles.esendal@HydroOne.com



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March 29, 2008

Lines Information Systems and Programs
Hydro One Networks, Inc.
483 Bay Street
Toronto ON, M5G 2P5

Attention: Charles Esendal, P.Eng – Sustainment Manager

Re: ENVIRONMENTAL REPORT (ER) – REVIEW Union Gas Limited Pipeline Project

Dear Charles,

Thank you for your response to our letters dated December 6th and December 9th regarding the Union Gas NPS 20 Pipeline project in the Town of Milton. I appreciate your time spent in review of our project and certainly will maintain continued consultation with you until such time as the design is complete.

In response to your ER dated March 10, 2007, I have provided some additional responses and requests for clarification below. I have itemized this information respective to your responses in the ER, and have attached it for your reference. Please review each section and provide responses where applicable. Also, please feel free to let me know if further information is required.

1. In consideration of the fact that Hydro One has plans for future expansion in the North end of Hydro One owned ROW, Union feels it is still feasible to arrive at a location for our NPS 20 gas main on the west side of 5th Line that will not interfere with your plans for future expansion. Once our proposed location and depth are finalized for the crossing, we would ask Hydro One to review the proposal to ensure that you are satisfied that no future conflicts will occur. If you have any preliminary information regarding this proposed future expansion, such as proposed tower locations, we would welcome this information so that it can be incorporated into our design.
2. In review of the 2nd response in your ER, can you please validate whether or not this response is merely a reminder of the fact that special design and safety considerations will need to be taken for the proposed crossing, the details for which have been identified in your remaining 3 responses?
3. Per our telephone conversation, special attention will be given in designing the cathodic protection system for this pipeline in light of the fact that we will be crossing a major Hydro One corridor. The design will be submitted for your review prior to finalization and submission of a crossing permit application.
4. Per Union Gas standard practice for major Hydro One corridor crossings with major pipelines, an engineering assessment will be completed prior to the start of the pipeline construction with details of analysis and sound approaches taken as required.



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to mitigate the potential risks to Hydro One infrastructure. This EA will be submitted for your review as part of the crossing permit application.

5. Thank you very much for the additional information regarding the design and safety considerations that must be taken into account in our design and planning. This will enable us to better develop our plans early on in the process. I assure you that these items will be accounted for as we move forward.

If you require any further information, or if you can think of any further considerations that we should be accounting for in the design and planning of this crossing, please do not hesitate to contact me.

Best regards,

Bob Wellington, P.Eng
Mechanical Design Engineer
Union Gas Limited, Engineering and Construction
PO Box 10
360 Strathearn Avenue N
Hamilton ON, L8N 3A5
Phone: 905-548-3456
Cell: 905-745-0532
E-mail: bwellington@uniongas.com

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

4.0 Land Related Matters and Other Approvals

References: (1) Tab "Prefiled Evidence", Pages 12-14

(2) Tab "Schedule 13", Pages 1-4

(3) Tab "Schedule 14", Pages 1-5

Preamble: The evidence indicates that Union will require both permanent and temporary easements for the proposed pipeline and that there are 17 landowners that Union may require land rights from.

The evidence also indicates that Union has an extensive program of consultation with landowners and other interested parties to keep them informed regarding the project, tracking and resolving concerns.

Questions / Requests:

- i. Please provide an update on the process, timing and status of any negotiations/consultations with the landowners that Union may require land rights from.
- ii. Has the form of easement agreement shown in Reference (3) been given/offered to the landowners yet? Is this the final form of easement agreement or is it a draft version?
- iii. How does Union plan to address the concerns of the Regional Municipality of Halton ("Halton Region") regarding the impact of the proposed pipeline on Halton Region's plans for additional utility infrastructure development in the area of the pipeline? What is the status of any ongoing negotiations with Halton Region? When is this issue expected to be resolved?
- iv. What is the status of Union's negotiations with property owner Mr. Onkar Rai and when does Union expect to reach an agreement with Mr. Rai?
- v. Please advise of any outstanding issues/concerns associated with routing the pipeline along or crossing Highway 401. What is the status of any ongoing/planned negotiations with the Ministry of Transportation or any other authority regarding any outstanding issues/concerns? How and when does Union propose to resolve any outstanding issues/concerns?
- vi. Please provide a list of outstanding approvals and permits needed to complete construction of the proposed pipeline.

Response:

- i. All affected owners have been contacted and initially have been receptive to the proposed project. Union has had face to face meetings with the landowners from whom it requires permanent easements and negotiations are progressing. Union is awaiting comments from landowners with respect to appraisal reports in order to continue with negotiations. Union expects to be able to finalize an agreement with several landowners within the next few months. Similar arrangements are ongoing with landowners from whom temporary easements are required. Union has been able to obtain Permission and Consent agreements from most landowners for access to their properties in order to conduct an archaeological study and preliminary surveys of the affected area on their respective properties.
- ii. The form of easement, found at Schedule 14 of Union's pre-filed evidence, is the final form of easement and has been given to the landowners. This form of easement is a product of previous proceedings and has been utilized in many prior projects. Union expects that this current form will be acceptable to most affected landowners on this project. Union is willing to entertain reasonable modification to the easement form where required to address individual concerns and property situations.
- iii. Stantec and Union met with The Region of Halton (Halton) and the Town of Milton (Milton) on numerous occasions during preparation of the Environmental Report. Those meetings are summarized in the Environmental Report which can be found at Volume 2 of Union's application. The purpose of those meetings was to inform the Municipalities about the project and to obtain input from them regarding their plans for the area. Union has also met with Halton and Milton after Union's application was filed. A summary of Union's meeting with Halton is included in a letter dated April 7, 2008 from Stantec to Halton which forms part of Union's response to interrogatory 3 i.

Union is hopeful that it will be able to resolve Halton's concerns. However, if the parties are not able to agree, Union will be asking the Board to grant leave to construct as requested in the application on the basis that it is in the public interest. Despite the matters raised in Halton's letter of March 6, 2008 requesting intervenor status ("Halton's Letter"), Union submits that the proposed route for the gas pipeline is the preferred route for the pipeline. Stantec considered a number of alternative routes and determined that the Fifth Line corridor was the environmentally preferred route for the pipeline (see Section 5 of the Environmental Report).

Halton's Letter refers to "materials presented at the South Halton Water and Wastewater Master Plan Public Information Centre on September 19, 2007 and subsequently posted on the Region's website". Attached as Schedule A is the "Notice of Commencement and Public Information Centre" that was posted by Halton on its website. The Notice of Commencement states that Halton has initiated a study to update its Water and Wastewater Master Plan to identify a preferred servicing strategy to accommodate growth to the year 2021. Halton's study identified Fifth Line in Milton as the possible location for 2 water mains and a trunk sanitary sewer. These facilities are currently in the planning stage, and there is no definite time frame for construction.

The road allowance along the relevant portion of Fifth Line is a minimum of 20 meters in width. Union's engineers have reviewed the infrastructure that Halton proposed for Fifth Line in the study. Union believes that there is sufficient room to accommodate Union's proposed gas pipeline and also accommodate the water and sewer mains that Halton may want to install in the future. Union also believes based on its extensive experience that Halton should be able to install the proposed mains after Union has installed the natural gas pipeline. As discussed in Union's recent meeting with Halton, and confirmed in the letter attached to interrogatory response 3 i., Union's engineering group will be meeting with Halton's engineering group to review construction of all of the proposed facilities in the Fifth Line corridor.

In summary, Stantec determined that Fifth Line is the environmentally preferred route for the proposed natural gas pipeline after reviewing a number of alternatives and consulting widely with the general public, government agencies and the municipalities involved. Based on Union's experience from operating in 400 communities province wide, Union's engineering group believes that construction of all of the proposed infrastructure projects can be completed in the Fifth Line corridor. Union has also met with the Town of Milton which has jurisdiction over the road. The Town of Milton has informed Union that it prefers that the pipeline be located in the Fifth Line corridor.

- iv. Union is currently working with Mr. Rai's solicitor in accordance with Mr. Rai's request. Union has received an indication from Mr. Rai's solicitor of a willingness to work together on our requirements. Union has a Permission and Consent agreement from Mr. Rai to carry out our preliminary surveying and an archaeological study on the affected area of his property. Union has recently given Mr. Rai a copy of the Land Value Appraisal, and Union plans to conduct negotiations for its easement requirements with Mr. Rai, through his lawyer, in the near future based on that Appraisal. Union expects to complete negotiations with Mr. Rai over the next month or so.
- v. The Ministry of Transportation (MTO) is generally agreeable to the pipeline routing in principle. Union will be subject to the required setbacks from 401 which are established by MTO. MTO permits are required; these permits will be submitted for MTO review upon completion of detailed engineering drawings.
- vi. Approvals for this project include:

Conservation Halton	Development, Interference with Wetlands and Alterations to Shorelines and Watercourses Permit
Ministry of Culture	Clearance Letter
Ministry of the Environment	Permit to Take Water
Ministry of Transportation	Encroachment and Land Use Permit
Canadian Pacific Railway	Crossing Permit
Hydro One	Crossing Permit

NOTICE OF COMMENCEMENT AND PUBLIC INFORMATION CENTRE

SOUTH HALTON WATER AND WASTEWATER MASTER PLAN UPDATE MUNICIPAL CLASS ENVIRONMENTAL ASSESSMENT STUDY

The Study

Halton Region has initiated an update to its Water and Wastewater Master Plan to identify a preferred servicing strategy to accommodate growth to the year 2021. In 2002, a comprehensive master servicing strategy (Halton Water and Wastewater Master Plan Review, 2002) was prepared to address the Region's water and wastewater servicing needs within the 2016 planning horizon. This update will review the recommendations from the previous study in the context of the current regulatory environment and planning estimates; provide alternatives to revise and update the plan; and identify a preliminary preferred servicing strategy for consideration and comment. The South Halton study area (refer to map) includes the urban areas of Burlington, Oakville and Milton as well as the Halton Hills 401 Corridor.

The Process

The study is being conducted in accordance with the requirements for master plans under Section 4, Approach #2 of the Municipal Class Environmental Assessment (EA) (Municipal Engineers Association, 2000), which is an approved process under the Ontario Environmental Assessment Act. The Class EA process includes public and review agency consultation, an evaluation of alternatives, an assessment of the potential environmental effects of the proposed improvements, and identification of reasonable measures to mitigate any adverse impacts that may result.

The intent of the master plan is to fulfill all of the Class Environmental Assessment requirements for Schedule B projects (those having a minimal environmental impact and require only a screening) as well as completing Phases 1 & 2 of the process for Schedule C projects (those with a greater degree of environmental impact). Projects identified as Schedule C undertakings will proceed to Phases 3 & 4 of the Class Environmental Assessment process following the completion of the master plan, which entails additional study and consultation.

As a part of the study, a Public Information Centre (PIC) is planned to provide background information on the study and the revisions to the previous plan being considered, including a rationale for the changes. It will also present the preliminary preferred servicing strategy (subject to public comment and agency review), associated impacts and proposed mitigation measures. Representatives from Halton Region and its consultants will be present at the PIC to answer questions and discuss the next steps in the study. The PIC is scheduled for:

Date: Wednesday September 19, 2007

Time: 5:30 pm to 9:00 pm

Location: Halton Regional Administrative Building, Auditorium
1151 Bronte Road, Oakville

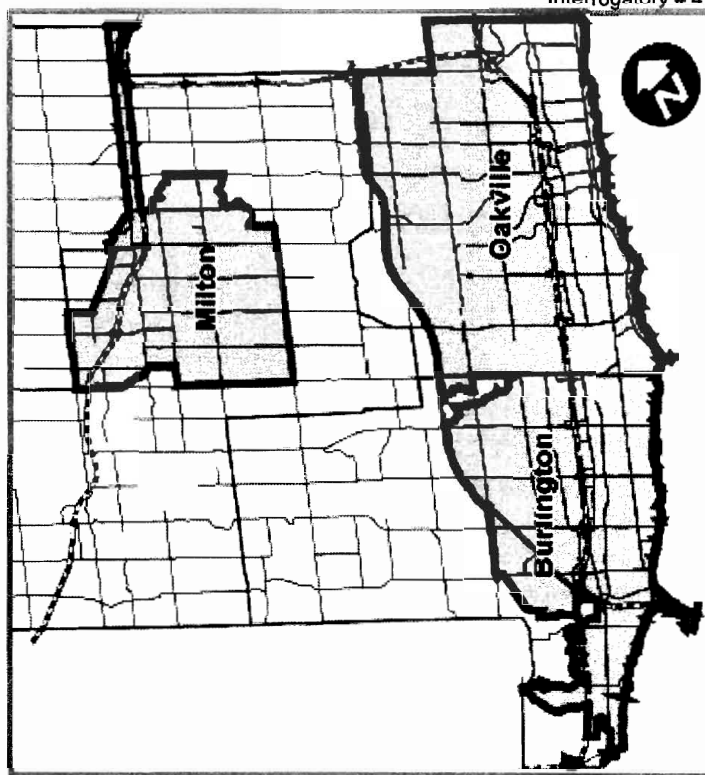
You are encouraged to attend the PIC and provide your comments so that they may be included in the study. Comments received through the course of the study will be considered in finalizing the recommended servicing strategy. Comments and information regarding this project are being collected to assist the project team in meeting the requirements of the Class EA process. With the exception of personal information, all comments will become part of the public record.

Upon completion, a master plan will be prepared to document the planning process followed, including conclusions and recommendations, and how public input was received and considered. The document will be available for public review for a period of 30 calendar days. At that time, notification of the review period and master plan viewing locations will be made by means of a similar newspaper notice and a letter mailed to those on the project contact list.

Please contact either one of the following project team members if you have any questions or comments, wish to obtain more information on the project, or if you would like to be added to the mailing list:

Lisa De Angelis
Infrastructure Planning
Regional Municipality of Halton
1151 Bronte Road
Oakville, Ontario L6M 3L1
Tel: 905-825-6000 ext. 7547
Toll free: 1-866-442-5866
Fax 905-825-8822
Email: lisa.deangelis@halton.ca

Chris Hamel
Project Manager
KMK Consultants
220 Advance Boulevard
Brampton, Ontario L6T 4J5
Tel: 905-459-4780
Fax: 905-459-7869
Email: chrish@kmk.ca



This notice issued September 7 and 14, 2007.

EB-2008-0024
Schedule A to
Interrogatory # 4

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

5.0 Aboriginal Peoples Consultations

References: (1) Tab "Prefiled Evidence", Page 11

Preamble: Below is a standard set of questions, the Board has with respect to consultations, if any, that the Applicant has engaged in with Aboriginal Peoples.

Questions / Requests:

- i. Has Union made inquiries to determine if there are Aboriginal groups who may be affected by the proposed project?
- ii. If there are Aboriginal groups who are affected by the proposed project, has Union consulted with them? If so, have those groups identified any specific issues or concerns in respect of the project? How have those issues or concerns been mitigated or accommodated?
- iii. Has Union determined if any Aboriginal groups have any filed and outstanding claims or litigation concerning their treaty rights or treaty land entitlement or aboriginal title or rights, which may potentially be affected by the project? If so, what is the status of those claims or litigation?
- iv. If Union has not made inquiries to determine if there are Aboriginal groups who may be affected by the proposed project, please advise if Union intends to do so.
- v. Provide details of any known Crown involvement in consultations with Aboriginal groups in respect of the applied-for project.

Response:

- i. As noted in Section 4.2.4 of the Environmental Report, Indian and Northern Affairs Canada (INAC), Ontario Secretariat for Aboriginal Affairs and Mississaugas of New Credit First Nation were contacted on July 10, 2007 to seek information regarding the status of lands within the Study Area and to notify them of the Public Open House scheduled for August 1, 2007. INAC identified the following First Nations that are in the vicinity of the Project: Mississaugas of the New Credit, Curve Lake, Alderville First Nation, Hiawatha First Nation, and Mississauga's of Scugog Island First Nation.
- ii. In response to the recommendation made by INAC, the Curve Lake First Nation, Alderville First Nation, Hiawatha First Nation, and the Mississauga's of Scugog Island First Nation were all contacted via letter on November 2, 2007. The letter provided information regarding the Preferred Route and requested any comments the First Nations may have regarding the Project. A map of the Preferred Route was also provided. In addition, the Six Nations of the Grand River Territory were also sent the

same letter and map on November 2, 2007, subsequently all five First Nations were informed of the Project.

Furthermore, the Mississaugas of New Credit First Nation (identified at the onset of the Project) were sent the Notice of Commencement and an invitation to the First Public Open House on July 9, 2007. An invitation was also sent on September 17, 2007 inviting the Mississaugas of New Credit First Nation to the Second Public Open House. No response was provided regarding either of the two letters and no representative from the Mississaugas of New Credit First Nation attended the Public Open Houses.

Copies of correspondence with all First Nations and First Nations related agencies are located in **Appendix B3** of the ER. The only comment received throughout the project was from Six Nations of the Grand River Territory. Details of their comments can be found in IR # 3 ii.

- iii. A letter from INAC's Litigation Management and Resolution Branch was sent to Stantec on July 30, 2007 advising that their inventory does not include active litigation in the vicinity of this Project. Specific Claims within the area were investigated using INAC's *Public Information Status Report*. There were no Specific Claims identified within the Study Area, and INAC's Specific Claims branch confirmed this on August 31, 2007. Lastly, INAC's Comprehensive Claims Branch responded on August 20, 2007 indicating there are no comprehensive claims in the Study Area.
- iv. As noted above, Union Gas has made inquiries to determine if there are Aboriginal groups who may be affected by the proposed Project and have contacted all of the groups directly.
- v. It is unknown as to whether the Crown has had any involvement in consultation with Aboriginal groups in respect to the proposed Project. If consultation has occurred, Union Gas has not been made aware of such consultation.

UNION GAS LIMITED

Response to Interrogatory
from Board Staff

6.0 Project Cost and Feasibility

References: (1) Tab "Prefiled Evidence", Pages 3, 6-7
(2) Tab "Schedule 7", Pages 1-2

Preamble: Reference (1) indicates that Union performed an economic feasibility analysis consistent with principles in the Board's E.B.O. 188 proceeding dated January 30, 1998.

Reference (1) also indicates that TCE has selected to be a T-1 customer of Union, utilizing the Board-approved Billing Contract Demand ("BCD") option from the NGEIR settlement agreement. Based on this, the billing is set such that the annual revenues over the term of the contract will recover the invested capital, return on capital and operating & maintenance costs.

The Table in Reference (2) shows a Discounted Cash Flow ("DCF") analysis for the proposed pipeline project over a 20-year time horizon.

Questions / Requests

- i. Please explain Union's rationale for carrying out the DCF analysis (Reference 2) such that the NPV and PI are forced to 0 and 1.00, respectively, for the period shown.
- ii. The analysis shown in Reference (2) results in annual revenues of \$2,456,000. Is this the revenue amount that is expected to be contracted for over the period shown?
- iii. If the answer to ii. is negative:
 - What is the expected annual revenue?
 - What assurance does Union have that it would realize this revenue?
 - What would be the resulting NPV and PI in this scenario?
- iv. Please comment on any financial risks that Union would be subjected to in undertaking construction of the proposed pipeline and any proposed measures that would mitigate the risks.

Response:

- i. Union carried out the DCF analysis to comply with the BCD as per the methodology agreed to in the EB-2005-0551 Settlement Agreement, pages 16 to 18.
- ii. Yes, as long as the capital costs do not change.
- iii. Please see response ii. above.
- iv. Union will set the BCD to a level that recognizes the economics of the facilities used to serve the customer over the contract term. To insure no financial risk is borne by other ratepayers or Union, as per the proposed T1 Contract, Union will use actual construction costs to recalculate the BCD no later than 18 months after the in-service date.