



**EB-2006-0040**

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

**AND IN THE MATTER OF** an application by Union Gas Limited pursuant to subsection 90 (1) of the *Ontario Energy Board Act, 1998* for an Order granting leave to construct 7.4 kilometres of natural gas pipeline in the Township of Mapleton and in the County of Wellington to reinforce the natural gas supply to the City of Owen Sound and the surrounding area.

**BEFORE:** Cynthia Chaplin  
Presiding Member

Paul Sommerville  
Member

## **DECISION AND ORDER**

Union Gas Limited ("Union") applied to the Board on February 27, 2006, for an Order granting leave to construct 7.4 kilometres of 12 inch diameter steel natural gas pipeline to reinforce the supply system to the Owen Sound area. The proposed pipeline will extend from the intersection of Regional Road 7 and the 12<sup>th</sup> Side Road in Lot 12, Concession 14 and proceed north to the Teviotdale Transmission Station at Lot 3, Concession 15, all in the Township of Mapleton and the County of Wellington.

The Board assigned File Number EB-2006-0040 to the application.

There are no intervenors in this proceeding.

The Board proceeded by way of written hearing as there were no requests for an oral hearing.

**Background**

Union's Owen Sound System extends in a north-westerly direction from the Owen Sound Valve Site (in North Dumfries Township) on Union's Trafalgar System into the Owen Sound area and the surrounding communities. The Owen Sound System currently supplies natural gas to approximately 83,000 customers in communities in the Counties of Waterloo, Perth, Bruce, Grey and Wellington. This gas supply system is made up of various sections separated by valves and regulators, but it generally consists of parallel pipeline circuits south of the Durham Gate Station. The section of the line that is proposed for reinforcement is the only single pipeline circuit south of Durham Station.

This current application is part of a longer term, three-stage reinforcement project for the Union Owen Sound System that was initiated in 1999. The development project in question is intended to complete the final leg of a parallel pipeline from St. Jacobs Station to Teviotdale Station. The first stage of this project was approved by the Board in the RP-1999-0025 proceeding. This involved a 16.6 km section of NPS 12 pipeline which was constructed in 1999 and ran from St. Jacobs Station to a tie-in point on Union's existing NPS 10 Owen Sound Line ("OSL") in the Township of Woolich. The second stage of the project was approved in the RP-2002-0001 proceeding. It involved a 23 km line from the above noted tie-in point to an interconnection valve on the OSL south of Teviotdale Station. The final stage, which is the current project, calls for a 7.4 km pipeline running from the interconnection valve on the OSL to Teviotdale Station.

**Board Findings****Project Need and Alternatives**

The Owen Sound System is projected to reach capacity due to increasing system demand in winter 2006/07. Union explained that there has been steady demand growth throughout the entire area served by this gas delivery system with particularly strong growth in the Blue Mountain and Craiglieth area. Union further indicated that steady demand growth is anticipated well into the future. Union stated that if reinforcement is not carried out as proposed in this application, the inlet pressure at the Owen Sound Gate Station is projected to drop below the minimum required inlet pressure of 2,760 kPa in the winter of 2006/2007. The Owen Sound Gate Station requires a minimum inlet pressure of this level to sustain adequate gas supply to downstream customers.

In the 2002 proceeding, various system reinforcement alternatives were considered and analyzed.

The alternatives reviewed at that time were:

- providing supply from the TCPL system in the Barrie area via Enbridge;
- re-rating the Maximum Operating Pressure (from 4760 kPa to 6160 kPa) of the existing pipeline between St. Jacobs and Teviotdale;
- installing compressors at Teviotdale or Durham;
- installing a similar pipeline following a more cross country route adjacent to the existing NPS 10 OSL pipeline; and
- utilizing additional interruptible contracts to reduce peak demand on the Owen Sound System.

In reviewing all of these alternatives, it was the Board's Decision in 2002 that upgrading the supply system with the parallel pipeline proposed by Union between St. Jacobs and Teviotdale was the best overall reinforcement approach. This alternative was seen to provide the needed additional capacity at the lowest cost while also enhancing customer reliability and security of supply and minimizing environmental and landowner impacts.

The Board is satisfied that the proposed project represents an acceptable approach to the need demonstrated by Union in this and the previous elements of the overall reinforcement project referenced above.

### **Project Costs and Feasibility**

The total capital cost for the project is estimated to be \$2.41 million which covers all costs including material, labour, environmental protection measures, land acquisition, interest during construction, and contingencies. Union has performed an economic feasibility test in accordance with the Board's E.B.O. 188 Report on Natural Gas

System Expansions in order to assess the economics of this project. Regarding this test, when the proposed facilities are assessed separately the profitability index ("PI") is calculated to be 0.81. When the project is considered in conjunction with Union's 2006 new business investment portfolio, the PI is 1.31. The PI is 1.46 when the proposed facilities are included in Union's yearly rolling portfolio as of January 31, 2006.

The Board accepts Union's evidence regarding the costs and the economic evaluation of the project.

### **Land and Landowner Matters**

Most of the proposed NPS 12 pipeline will be located within road allowances in the Township of Mapleton and County of Wellington. There is, however, a requirement for an easement on two properties. In addition, there may also be a requirement for a temporary easement (during construction) on one of these properties. At this time, Union has negotiated Options for Easements for both of these properties.

One of the properties is a plot of farmland near the Teviotdale Station. At this property, owned by Peter and Maria Minkenberg, a 15 m by 500 m (1.92 acres) easement is required. In addition, there also may be a requirement for a temporary easement during construction of 4 m by 500 m (0.5 acres) at this location. The other location is at the Mallet River Bridge. At this location, the Township of Mapleton has advised Union that they have future plans to replace the existing structure with a wider bridge. As a result, it is now necessary for Union to move the pipeline from the road allowance on to private property. Union indicated that it has met with the affected landowners, the Habermehls, and they are agreeable to this change.

The Board is satisfied that Union has effectively resolved the landowner issues associated with the project. The Board also approves the form of easement which has been filed by Union.

### **Environmental Assessment**

Azimuth prepared the original environmental assessment ("EA") and associated routing study for the 2002 proceeding and was asked by Union to prepare an updated report that would cover any changes which have occurred since the preparation of the original report. The updated report has been prepared in accordance with the Board's

document *Environmental Guidelines for Locating, Constructing and Operating Hydrocarbon Pipelines in Ontario (May 2003)*. Azimuth used the following objectives to select the preferred route:

- Optimize the use of road allowances so as to minimize impact on adjacent farmlands and residences;
- Utilize road allowances of sufficient width so as to minimize traffic disruptions and lot-line tree removal;
- Minimize the impact of water crossings; and
- Avoid or minimize the effect on the Rothsay Drumlins (an Area of Natural and Scientific Interest).

Copies of the 2006 report were submitted to the Ontario Pipeline Coordination Committee ("OPCC") on February 17, 2006. Copies of the updated report have also been forwarded to affected municipalities and to the Grand River Conservation Authority. An Executive Summary has been given to landowners along the route and to First Nations contacts. Individuals given the Executive Summary were also provided with the option of obtaining a copy of the full report upon request to Union Gas.

To solicit input from agencies and landowners along the preferred route of the current project, letters were sent out to landowners on October 25, 2005 and to agencies on October 31, 2005. The letters were provided to the appropriate agencies and to landowners along the preferred route to inform them of the proposed project and to solicit comments regarding Union's proposal. To inform the general public and to solicit input from them, a newspaper notice was placed in the Wellington Advisor on November 4, 2005. The results of these consultations indicated that the location of the proposed pipeline was acceptable and environmentally sound, and the environmental aspects of the overall project were unchanged from the time of the original EA.

This project will require the crossing of one river and two drains. Union indicated that approval will be obtained from the Ministry of Natural Resources and the Grand River Conservation Authority for these crossings. Union stated that it did not anticipate any difficulty or delays in obtaining these approvals.

Azimuth, along with Union, has developed a mitigation plan to minimize any potential impacts to the environment if they do occur as a result of this project. Union maintained that by following its standard construction practices and adhering to the mitigation measures (if required), construction of this project will have negligible impacts on the environment. No blasting during construction is planned by Union along the route. In addition, an environmental inspector will monitor pipeline construction and ensure that all activities comply with appropriate standard practices, with the mitigation measures found in the EA reports, and with all Conditions of Approval.

The environmental assessment/route selection study was reviewed by the Ontario Pipeline Coordinating Committee and no significant issues were identified. Similarly, no issues were raised by the affected persons. Accordingly, the Board finds that there are no outstanding environmental issues which need to be addressed prior to our approval of the Application. The Board's approval is subject to a set of conditions, which Union has indicated that it accepts. These conditions of approval are in Appendix "A" to this Decision.

**IT IS ORDERED THAT:**

Union Gas Limited is granted leave pursuant to subsection 90 (1) of the *Ontario Energy Board Act, 1998* to construct 7.4 kilometres of 12 inch diameter steel natural gas pipeline from the intersection of Regional Road 7 and the 12<sup>th</sup> Side Road in Lot 12, Concession 14 to the Teviotdale Transmission Station at Lot 3, Concession 15, all in the Township of Mapleton and the County of Wellington subject to the Conditions of Approval set forth in Appendix "A".

Dated at Toronto, May 24, 2006

**ONTARIO ENERGY BOARD**

*Original signed by*

Peter H. O' Dell  
Assistant Board Secretary

**Appendix “A”**

**To Decision and Order**

**EB-2006-0040**

**May 24, 2006**

## **Appendix “A”**

### **CONDITIONS OF APPROVAL EB-2006-0040**

#### **Union Gas Limited – Owen Sound Reinforcement Project**

##### **1 General Requirements**

- 1.1 Union Gas Limited shall construct the facilities and restore the land in accordance with its application and evidence, except as modified by this Order and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate December 31, 2006, unless construction has commenced prior to then.
- 1.3 Except as modified by this Order, Union Gas shall implement all the recommendations of the Environmental Study Report filed in the pre filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee (“OPCC”) review.
- 1.4 Union Gas shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Union Gas shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.

##### **2 Project and Communications Requirements**

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Facilities.
- 2.2 Union Gas shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfilment of the Conditions of Approval on the construction site. Union Gas shall provide a copy of the Order and Conditions of Approval to the project engineer, within seven days of the Board's Order being issued.
- 2.3 Union Gas shall give the Board's designated representative and the Chair of the OPCC ten days written notice, in advance of the commencement of the construction.



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

### **3 Monitoring and Reporting Requirements**

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

#### **4 Easement Agreements**

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

#### **5 Other Approvals**

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