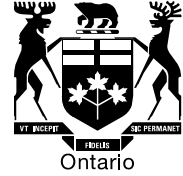


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BY E-MAIL

January 14, 2015

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
BoardSec@ontarioenergyboard.ca

Dear Ms. Walli:

**Re: Union Gas Limited ("Union")
Bay of Quinte Replacement Pipeline Project
Board Staff Interrogatories
Board File No. EB-2014-0350**

In accordance with Procedural Order #1, please find attached Board Staff's interrogatories in the above noted proceeding. The applicant has been copied on this filing.

Union's responses to interrogatories are due on January 30, 2015.

Yours truly,

Original Signed By

Daniel Kim
Advisor

Encl.

BOARD STAFF INTERROGATORIES**Union Gas Limited (“Union”)****EB-2014-0350**

1. Ref: Pre-filed Evidence / Page 1 / Line 17; Pre-filed Evidence / Page 7 / Line 13; and Schedule 10: Quinte Land Rights Table

Preamble:

Union has noted on page 1 under the project summary that the proposed pipeline will require new land rights. Union has also noted on page 7 that it will require an encroachment permit from the Ministry of Transportation of Ontario (“MTO”) and that a temporary land use agreement from the landowner to the south of the crossing has been obtained. Union also indicated that Schedule 10, Quinte Land Rights Table, identifies the land rights Union has obtained for the construction of the proposed pipeline.

Questions:

- a. Please clarify if any new land rights are to be obtained and please provide any updates to the land rights acquisition since the filing of the application.
 - b. Please describe the prospects of acquiring all of the permanent and temporary land rights in time to adhere to the planned construction schedule for the pipeline.
 - c. Please provide an update to the status of the encroachment permit from the MTO.
 - d. Please describe what type of permit Union has obtained from the Mohawks of the Bay of Quinte.
2. Ref: Pre-filed Evidence / Page 3 / Line 1 and Schedule 14 / Page 14.

Preamble:

Union noted that it had worked with the MTO to determine a new location for the proposed pipeline. Union noted that it considered the following alternatives:

- i. Attaching the proposed pipeline to the other side of the Skyway Bridge;

- ii. Laying the proposed pipeline on the bottom of the Bay of Quinte; and
- iii. Directionally drilling the proposed pipeline from a number of different landfall locations.

Union in consultation with the MTO determined that the preferred location for the proposed pipeline was to directional drill the proposed pipeline adjacent to the Skyway Bridge within the MTO right of way.

In Neegan Burnside Ltd.'s letter dated October 24, 2014 to Chief R. Donald Maracle, it is mentioned in the third paragraph that "the pipeline is proposed to be located approximately 50 m beneath the floor of the Bay of Quinte in confined bedrock".

Questions:

- a) Please clarify the difference between alternatives ii. and iii.
- b) Please confirm that this preferred location has been communicated with all affected parties (i.e. all affected landowners, First Nations, Metis Nation, general public, government agencies, Ontario Pipeline Coordinating Committee ("OPCC"), etc.)
- c) Please provide the total estimated costs for each alternative considered.

3. Ref: Pre-filed Evidence / Page 4 / Line 13

Preamble:

Union indicated that it has not completed a discounted cash flow ("DCF") report because the project is underpinned by the MTO's relocation requirement.

Question:

- a) Please provide a completed DCF report for each alternative Union considered.
- b) If the DCF is not applied for economic feasibility assessment of the project, please provide the methodology for comparing alternatives.

4. Ref: Pre-filed Evidence / Page 6 / Line 19

Preamble:

Union noted that it is currently in negotiations with the MTO to abandon in-place the existing NPS6 pipeline attached to the Skyway Bridge.

Questions:

- a) Please give an update to the status of these negotiations.
- b) What is the estimated useful life left on the NPS6 pipeline?
- c) Does the abandonment of the NPS6 pipeline have any significant impacts from an accounting perspective? What will be the accounting treatment of abandoning this asset?
- d) In the event that the MTO does not take on the existing NPS6 pipeline, how does Union plan to address removing the pipeline? What are the additional costs associated with Union removing the existing pipeline? Have these costs been included in the project's estimated costs?
- e) Please confirm whether or not Union will follow the Technical Standards and Safety Authority's guidelines for pipeline abandonment. Please include a copy of these guidelines.

5. Ref: Pre-filed Evidence / Page 3 / Line 19

Preamble:

Union noted that after reviewing the proposed growth and the current operation of the Picton Lateral, it was established that NPS8 pipe is the correct design for the Bay of Quinte crossing.

Question:

- a) Please provide the analysis supporting the upsize of the pipeline from an NPS6 to an NPS8 pipe.

6. Ref: Pre-filed Evidence / Page 1 / Line 2

Preamble:

Union applied for a Board order for leave to construct facilities under section 90 of the OEB Act.

Question:

Please comment on the attached Board staff proposed draft conditions of approval and for section 91 order. Please note that these conditions are standard conditions and are a draft version subject to additions or changes.

Union Gas Limited
Leave to Construct Application under section 90 and section 91 of OEB Act
EB-2014-0350
Board Staff Proposed Draft
Conditions of Approval

1 General Requirements

- 1.1 Union Gas Limited ("Union") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2014-0350 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, 2016, unless construction has commenced prior to that date.
- 1.3 Union shall implement all the recommendations of the Environmental Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee ("OPCC") review.
- 1.4 Union shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Union shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.

- 1.5 Within 15 months of the final in-service date, Union shall file with the Board Secretary a Post Construction Financial Report. The Report shall indicate the actual capital costs of the project and an explanation for any significant variances from the estimates filed in this proceeding.

2 Project and Communications Requirements

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

3 Monitoring and Reporting Requirements

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

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

- 3.2 The interim monitoring report shall confirm Union's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 3.3 The final monitoring report shall describe the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

4 Other Approvals

- 4.1 Union shall obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project, and shall provide an affidavit that all such approvals, permits, licences, and certificates have been obtained.