



EB-2007-0782

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 Enbridge Gas Distribution Inc. for an Order pursuant to Section 90(1) of the *Ontario Energy Board Act, 1998*, granting leave to construct a natural gas distribution line and related facilities in the City of Barrie, Township of Springwater in the County of Simcoe.

BEFORE: Gordon Kaiser
Presiding Member

Paul Vlahos
Member

David Balsillie
Member

DECISION AND ORDER

Enbridge Gas Distribution Inc. (“EGD”) has filed an application with the Ontario Energy Board, (the “Board”) dated January 23, 2007, under section 90(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B for orders granting leave to construct approximately twenty kilometers of Nominal Pipe Size (“NPS”) 12 extra high pressure (“XHP”) main and related facilities. According to EGD’s application, the pipeline and related facilities are required to support load growth in the Georgian Bay area. The pipeline is to be constructed in the City of Barrie, Township of Springwater in the County of Simcoe.

For the reasons set out below, the Board finds the construction of the proposed pipeline is in the public interest and grants Leave to Construct, subject to certain Conditions of Approval, which are attached to this Decision.

The Proposed Pipeline

The proposed NPS 12 XHP main will travel from the Barrie Gate Station, located on Anne Street in the City of Barrie, to the existing Enbridge NPS 8 XHP main at the intersection of Crossland Road and Flos Road in the Township of Springwater. The pipeline will leave the Barrie Gate Station and proceed northerly along Anne Street to Carson Road where it will proceed westerly to Wilson Drive. The pipeline will proceed along Wilson Drive northerly, crossing under the Canadian Pacific railway tracks, to Highway 26 where it will turn and proceed in a westerly direction to Vespra Valley Road whereupon it will turn and proceed northerly to Horseshoe Valley Road. The pipeline will proceed west along Horseshoe Valley Road to Crossland Road to the existing NPS 8 XHP gas main on the north side of Flos Road 4. A map showing the location of the proposed pipeline and ancillary facility is attached as Appendix A.

Proceeding

The Board issued the Notice of Application on February 20, 2008, which was published and served by EGD as directed. A letter requesting observer status was received from the Nottawasaga Valley Conservation Authority (“NCVA”) on March 13, 2008. The Board approved this request. A letter of comment was also received on March 13, 2008 from the NCVA. The Board proceeded by way of written hearing.

On April 25, 2008, Board Staff, through written interrogatories, requested clarification of certain aspects of the pre-filed evidence and additional information. On May 5, 2008, EGD responded to the interrogatories, which concluded the discovery phase of the proceeding.

The Public Interest Test

This is an application under section 90 of the Act, seeking a Leave to Construct Order. Section 96 of the Act provides that the Board shall make an Order granting leave if the Board finds that “the construction, expansion or reinforcement of the proposed work is in the public interest”. When determining whether a project is in the public interest, the

Board typically examines the need for the project, the economics of the project, the environmental impact, the impact on landowners and consultation with Aboriginal Peoples. Each of these factors will be considered in turn.

The Need for the Project

The Georgian Bay distribution system was originally installed in 1958. At that time an NPS 8 XHP main was installed from Barrie Gate Station to feed Collingwood and an NPS 6 XHP main was installed from the NPS 8 main to feed the towns of Midland and Penetanguishene. In 1968, an extension to the Georgian Bay system was added to serve Port McNicoll. In 1973, the customer growth and deliveries to Union Gas Limited (“Union”) at the Grey County Exchange could not be supplied with a 2756 kPa operating pressure. At that time, EGD states that it chose to pressure elevate the pipeline to 3445 kPa, with the intent of reducing the system pressure back to 2756 kPa when permanent reinforcement became necessary.

Over the next few decades, EGD undertook incremental increases to the operating pressure of the Georgian Bay distribution system in order to meet the areas demands.

Currently, the Georgian Bay distribution system, which supplies a number of communities, is operating at capacity. This reinforcement will increase system capacity and allow EGD to supply forecast customer additions over the next ten years, in the Georgian Bay distribution system area.

The Georgian Bay Reinforcement Project consists of approximately 20 kilometres of NPS 12 XHP main, from Barrie Gate Station to the existing NPS 8 XHP main at the intersection of Crossland Road and Flos Road in the Township of Springwater (“Springwater”).

EGD has indicated that the maximum estimated hourly delivery volume after installation in 2008/2009 will be 44.71 $10^3\text{m}^3/\text{h}$ at the Barrie Gate Station and 20.92 $10^3\text{m}^3/\text{h}$ at the Rugby Gate Station. The pressure at the critical node will be 2375 kPa. The maximum estimated hourly delivery volume in 2017/2018 will be 58.55 $10^3\text{m}^3/\text{h}$ at the Barrie Gate Station and 25.89 $10^3\text{m}^3/\text{h}$ at the Rugby Gate Station. During this year, EGD states that the critical node pressure is forecasted to be 1259 kPa. To meet this demand and allow for any future reinforcements to be downstream of the proposed pipeline, EGD proposes that the Georgian Bay Reinforcement Project is necessary at the present time.

The Board accepts EGD's evidence that additional distribution pipeline facilities are needed to accommodate the load growth in the Georgian Bay area and that the proposed pipeline and ancillary facilities meet that need.

The Proposed Pipeline's Design and Routing

According to EGD's evidence, the design and pipe specifications, installation and testing of the proposed pipeline adhere to the requirements of Ontario Regulation 210/01 under the *Technical Standards and Safety Act*, Oil and Gas Pipeline Systems and the CSA Z662-03 Oil and Gas Pipeline Systems code.

EGD chose the NPS 12 XHP size as opposed to various alternatives to meet the requirements of the Georgian Bay Reinforcement Project, give some reserve capacity out of the Barrie Gate Station, and to allow for any future reinforcements to be downstream of the proposed pipeline.

Through review of its proposed pipeline reinforcement, EGD examined the following alternatives: pressure elevation, the use of Grey County Exchange Point for mutual reinforcement with Union Gas ("Union"), and reinforcement alternatives.

When examining the different pressure elevation alternatives, EGD looked at two options: Elevation of Rugby Gate Line and; Pressure Elevation of Barrie Gate Line. When investigating the Rugby Gate Line pressure elevation, EGD looked to see if this would allow a delay in the proposed project by supplying incremental growth. This alternative would involve the increase in operating pressure of the NPS 8 XHP main installed from Rugby Gate Station to Midland in 1987 from 3447 kPa to 4481 kPa. Since the Rugby Gate Station is 128 km from the system critical node, any increases in outlet pressure beyond 3447 kPa would not have a very significant impact on the amount of gas that can be supplied at this location. EGD states that the information found in studying this alternative indicates that the pressure elevation out of Rugby Gate is not a viable alternative to the proposed Barrie route.

EGD's investigation of a pressure elevation of the Barrie Gate line involved the increase in operating pressure of the NPS 8 XHP main installed from Barrie Gate Station to Collingwood from 3447 kPa to 4481 kPa. EGD states that this option would increase the pressure of the line at the critical node however, the pressure of the line is limited by the original test pressure and design pressure of pipe. The existing NPS 8 pipe is not

rated to exceed its current pressure of 3447 kPa. Based on the information above, EGD has determined that the pressure elevation out of Barrie Gate is not a viable alternative to the Barrie route.

EGD also looked at the possibility of using the Grey County Exchange Point for joint reinforcement with Union. The Grey County Exchange Point has historically been used to supply gas from the Georgian Bay distribution system between EGD and Union. Union has indicated that they can not meet EGD's pressure demand at the Grey County Exchange and maintain their system minimum pressure. As a result, EGD states that this is not a practical alternative.

EGD then turned its focus to three different reinforcement alternatives. The first alternative EGD investigated was reinforcement out of the Oro-Medonte Gate Station. This alternative consists of 23,700 metres of NPS 12 being reinforced from the Oro-Medonte Gate Station to the NPS 6 east of Phelpston. This length is 3,700 metres longer than the proposed Barrie Route, and further from the critical node in Collingwood. As a result, this option would produce increased costs and a lower line capacity than the Barrie option.

The second reinforcement alternative EGD evaluated was the Angus Route. The Angus Route involves the construction of new pipeline between the NPS 6 in Angus and the NPS 4 that feeds Creemore. This option would require 17,600 metres to join these lines. While the route is shorter, EGD states that this is not a practical alternative because the natural gas main that feeds Angus is only NPS 6, and is currently operation at only 1896 kPa. EGD goes on to say that even if this main was elevated to 3447 kPa, it still would not be able to supply the flows required for the forecast demand because of the diameter restrictions between the lines.

The final reinforcement alternative EGD looked at was the Craighurst Route. This route would consist of the installation of 2,700 metres of NPS 4 pipe from the NPS 4 pipeline in Craighurst to the NPS 4 pipeline on Horseshoe Valley Road. EGD states that this option was considered as a "band-aid" option to allow the Barrie Route to be deferred if the cost of this line more than offsets the discounted savings of deferring the Barrie Route. EGD states that network analysis has determined that the Craighurst Route would not supply sufficient flow to the system through the winter of 2008/2009 and as a result, dismissed this option.

After investigating all other alternatives, EGD has found that none provide better results than the Barrie Gate Station reinforcement alternative. The options of a pressure elevation, back feed from Union, and alternative routing were dismissed because either they could not supply the gas demand or were less cost effective than the Barrie Gate Station option.

The Board is satisfied that the evidence establishes that the pipeline design and specifications are acceptable and that the proposed project is the best alternative.

Environmental Assessment

EGD retained Dillon Consulting Limited (“Dillon”) to undertake an environmental and socio-economic impact assessment and to select the preferred route. The assessment was carried out in accordance with the Board’s Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario (May 2003) (the “Board’s Environmental Guidelines”). The results of the assessment are documented in the “Update Study, Environmental and Socio-Economic Impact Assessment, Georgian Bay Reinforcement Pipeline”, March 2007 (“Dillon Report”), which was filed in this proceeding.

In accordance with the Board’s Environmental Guidelines, the Dillon Report was reviewed by the Ontario Pipeline Coordination Committee (“OPCC”). There are no outstanding concerns related to the OPCC review.

As part of the environmental assessment process, Dillon undertook consultation with government agencies and the public. A public meeting was held on February 15, 2007, to inform the public of the project and to solicit input. The Dillon Report included details of the public consultation undertaken. No concerns were identified.

An original environmental assessment was conducted by Senes Consulting Limited (“Senes”) between April and September 2002 and updated by Dillon as part of the Georgian Bay Reinforcement Project application. EGD notes that any additional requirements resulting from the final permitting, or the Board’s Conditions of Approval will be incorporated into the Environmental Implementation Plan where necessary.

EGD states that in determining the preferred final route, Senes assessed eight distinct route segments: two sub-routes between the start point (Barrie Gate Station) and the mid-point (Wilson Drive and Highway 26), and six sub-routes between the mid-point and the end point (Flos Road 4 East and Crossland Road). A combination of these sub-route segments resulted in the assessment of twelve alternate routes. The final route was selected as the preferred route over the sub-route alternatives because it is the shortest length, minimizes the length of pipe installed in Ontario Ministry of Transportation (“MTO”) Right-Of-Way, and has the least potential for encountering archaeological resources.

The Dillon Report states that the preferred route was confirmed and was reviewed to ensure that it minimized environmental and socio-economic impacts in a cost effective manner. The preferred route is entirely within existing and previously disturbed utility rights-of-way, as it was found that this best avoids negative impacts on the study area environment.

On March 13, 2008 the NVCA submitted a letter of comment to the Board. NVCA stated that one of its responsibilities is for the evaluation of proposed works as to their impact on fish habitat in the NVCA area of jurisdiction. The NVCA is required to notify the Ontario Ministry of Natural Resources and the federal Department of Fisheries and Oceans of any water crossing applications. No authorizations are issued unless acceptable measures for habitat loss are developed and implemented by the proponent.

EGD stated that through ongoing discussions with all of the permitting authorities it has no indication that any permitting issues exist.

The Board notes that EGD has committed to implement the recommendations in the Dillon Report. The Board accepts EGD’s evidence regarding the environmental assessment of the proposed pipeline, and finds that the proposed mitigation and monitoring activities are acceptable and address the environmental concerns. The Conditions of Approval reflect EGD’s commitments.

Economics of the Project

The total estimated cost for the project, including pipeline, station, and interest during construction (“IDC”) is \$12,436,426.

The economic feasibility of the project was measured in accordance with the Board's approved procedures as established in EBO 188¹. EGD has also conducted a stand alone Discounted Cash Flow ("DCF") analysis. The total capital costs for feasibility purposes are estimated to be \$51,118,033, which includes the mains, stations, services, contingencies, and overhead costs. The feasibility analysis for the project was based upon a 40-year customer revenue horizon and has been prepared based on EGD's feasibility guidelines pursuant to the Board's Decision with Reasons in EGD's EB-2006-0034 rate application. This analysis indicated that the proposed facilities have a Net Present Value ("NPV") of \$2,453,193 and a Profitability Index ("PI") of 1.058. A PI at or above 1.0 indicates that the project is economic for EGD.

The Board accepts EGD's evidence and finds that the project is economically feasible under the proposed feasibility analyses.

Land Issues and Form of Easement

Section 97 of the Act provides that a leave to construct will not be granted until the applicant has satisfied the Board that it has offered or will offer to each owner of land affected by the approved route or location an agreement in a form approved by the Board.

EGD has indicated that the proposed route is to be located entirely within existing road allowances and an existing easement EGD has with the Ministry of Natural Resources which permits the installation of the proposed main. As such, EGD does not anticipate the need to obtain either temporary or permanent land rights. However, EGD has filed with the Board a form of easement agreement that it will offer to landowners in the event that circumstances change.

The Board approves the form of easement which has been filed by EGD.

Aboriginal Consultation Conducted by Enbridge

In response to a request from Board staff, EGD provided information on its consultations with Aboriginal Peoples relative to the proposed pipeline project.

¹ [The Consumers Gas Company Ltd, Union Gas Limited and Centra Gas Ontario Inc., Natural Gas System Expansion, Report of the Board, EBO 188, (January 30, 1998)]

EGD states that as a component in all studies of this nature, and at the early data collection phase of the study, a thorough and comprehensive search of Aboriginal interests was conducted through provincial and federal government agencies that deal directly with interests related to First Nations. Members of the project team also conducted numerous literature and website searches, and reviewed a series of maps prepared by government agencies (i.e. Indian and Northern Affairs Canada) to determine if any First Nation should be contacted about the study.

A review of the Aboriginal land use in the study area was also conducted, as well as a historical profile of First Nations beyond the study area. EGD further indicates, in detailed consultations with the local municipality and representatives of provincial agencies (i.e. Ministry of Energy, MTO, Conservation Authority), no Aboriginal interests were identified. As a result of the searches conducted, and further background research on the groups identified, no First Nation land claims or treaty rights to the proposed pipeline right of way were discovered.

EGD points out that information collected also confirms that the proposed pipeline route would be at a considerable distance from any traditional land of any First Nations.

The Board is satisfied that EGD has conducted a complete and proper search in determining if any Aboriginal peoples or First Nations are within the affected area of the proposed project.

Orders Granted

For the reasons indicated, the Board finds the pipeline project proposed by EGD in this proceeding is in the public interest and grants an Order for Leave to Construct subject to the Conditions of Approval as set out in Appendix B.

THE BOARD ORDERS THAT:

1. Enbridge Gas Distribution Inc. is granted leave, pursuant to subsection 90 (1) of the Act, to construct approximately 20 kilometres of NPS 12 XHP main in the City of Barrie, Township of Springwater in the County of Simcoe for the purpose of supplying natural gas to the Georgian Bay area, subject to the Conditions of Approval set forth in Appendix B.

2. Enbridge Gas Distribution Inc. shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

DATED at Toronto May 21, 2008

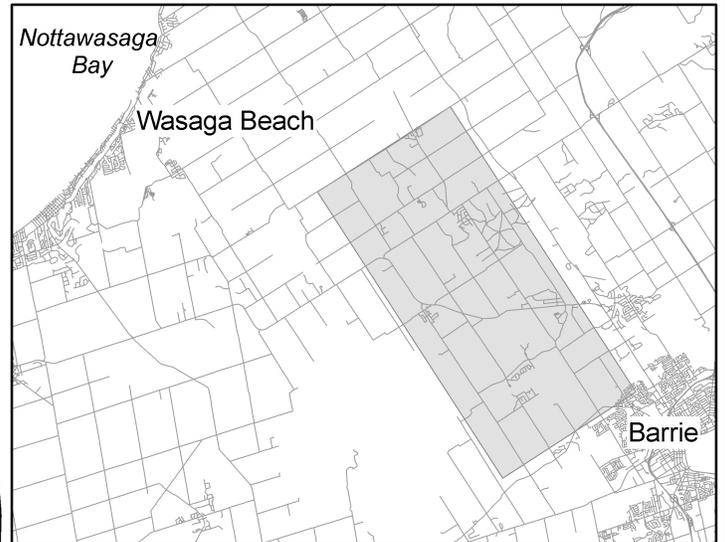
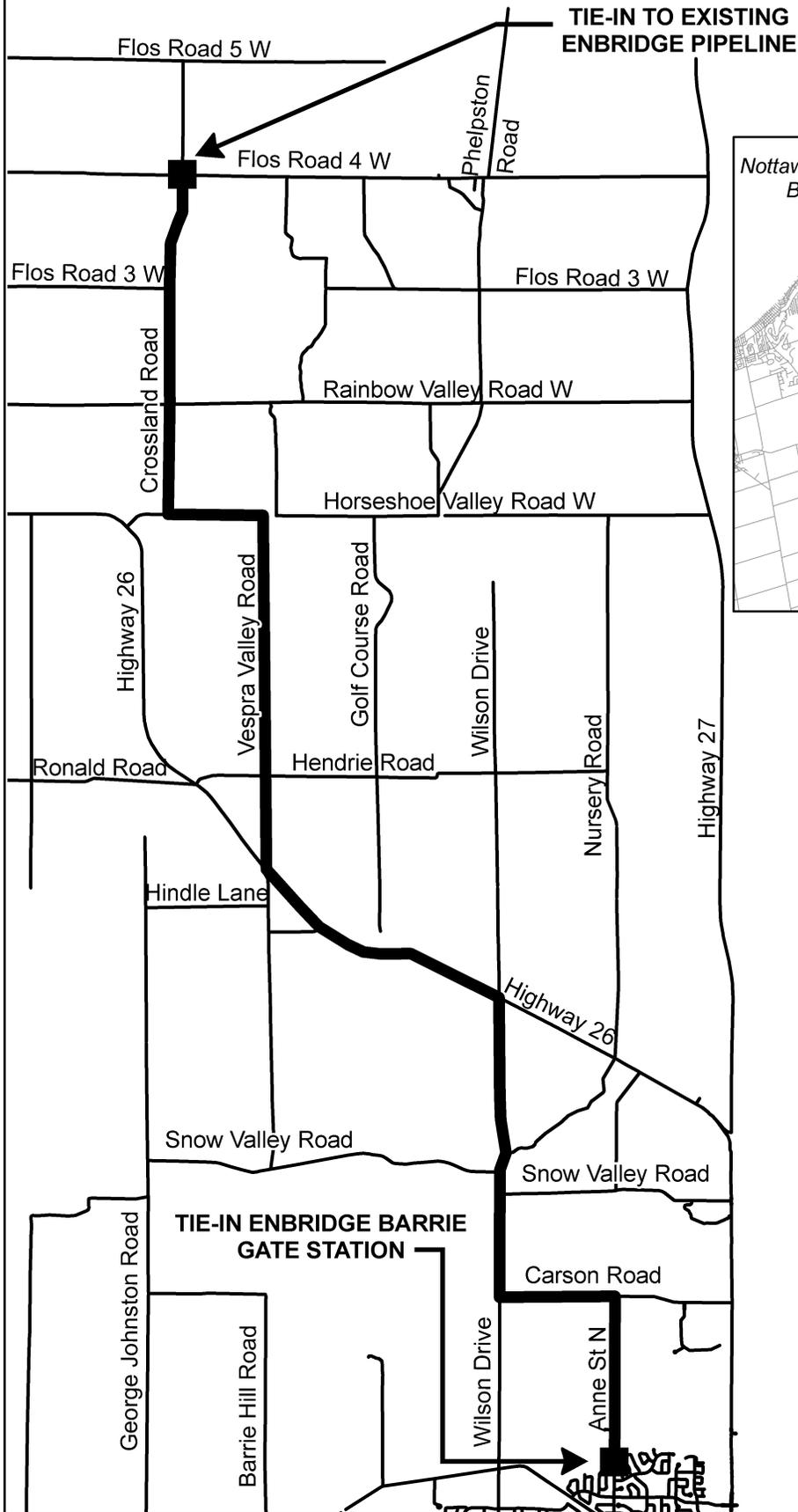
ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

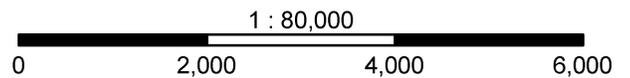
APPENDIX A
TO BOARD DECISION AND ORDER
IN THE MATTER OF EB-2007-0782
DATED May 21, 2008
MAP OF THE PIPELINE ROUTE

Georgian Bay Reinforcement Project



Key Map

 Preferred Route



APPENDIX B
TO BOARD DECISION AND ORDER
IN THE MATTER OF EB-2007- 0782
DATED May 21, 2008
CONDITIONS OF APPROVAL

EB-2007-0782

Enbridge Gas Distribution Inc.

Georgian Bay Reinforcement Project

Leave to Construct Application

Conditions of Approval

Leave to Construct

1 General Requirements

- 1.1 Enbridge Gas Distribution Inc. ("Enbridge") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2007-0782, 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, 2009, unless construction has commenced prior to then.
- 1.3 Except as modified by this Order, Enbridge 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 Enbridge shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Enbridge 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 Enbridge 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. Enbridge 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 Enbridge 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 Enbridge 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 Enbridge 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 Enbridge 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, Enbridge 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. Enbridge 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 Enbridge's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 3.3 The final monitoring report shall describe the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

4 Easement Agreements

- 4.1 Enbridge 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 and Agreements

- 5.1 Enbridge 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.