

INDEX

Messrs. Thompson, Harte, Marois

Mr. Harte - page 118

Mr. Thompson - page 123

Mr. Marois - page 131

- direct by Mr. MacDougall - page 117

- cross by Mr. Blue - page 134

Undertakings

page 143 - when they did the geotechnical study for the
bridge

page 144 - scope of study

page 145 - copies of the two geotechnical studies

page 147 - offset distance

New Brunswick Board of Commissioners of Public Utilities

Hearing - May 15th 2000

IN THE MATTER OF AN APPLICATION BY ENBRIDGE GAS NEW BRUNSWICK
INC. DATED DECEMBER 31, 1999, FOR A PERMIT OR PERMITS TO
CONSTRUCT PIPELINES IN ORDER TO PROVIDE NATURAL GAS
DISTRIBUTION SERVICE

Henneberry Reporting Service

New Brunswick Board of Commissioners of Public Utilities

Hearing - May 15th 2000

IN THE MATTER OF AN APPLICATION BY ENBRIDGE GAS NEW BRUNSWICK
INC. DATED DECEMBER 31, 1999, FOR A PERMIT OR PERMITS TO
CONSTRUCT PIPELINES IN ORDER TO PROVIDE NATURAL GAS
DISTRIBUTION SERVICE

Chairman: David C. Nicholson, Q.C.

Commissioner: Monika Zauhar

Commissioner: John Chenier

Commissioner: Jacques A. Dumont

.....

CHAIRMAN: Good afternoon, ladies and gentlemen. This is
the construction application by Enbridge Gas New Brunswick
Inc. And I don't think we have enough microphones, which
-- I just deal with logistical issues around here.

I will ask the shorthand reporter how we are going to
handle this with appearances. Can the various parties
just stand up and shout? They have got to come up? Okay.

You heard the shorthand reporter. That is how we have to
do it.

So I will take appearances. Some of you who are lucky
enough to have a microphone don't have to move. The
applicant Enbridge Gas New Brunswick Inc.?

MR. MACDOUGALL: For the applicant, Mr. Chair, counsel David
MacDougall and Len Hoyt. And with us today is Mr. Arunas

Pleckaitis, President of Enbridge Gas New Brunswick Inc. and Mr. John Thompson and Mr. Neil Harte and Mr. Rock Marois who will each introduce themselves when they are on the first panel.

CHAIRMAN: Thank you, Mr. MacDougall. Irving Oil Limited?

MR. STEWART: Christopher Stewart and Tracey Trahey for Irving Oil Limited.

CHAIRMAN: Second name, Mr. Stewart?

MR. STEWART: Trahey. Have I pronounced it properly? I have. Trahey.

CHAIRMAN: Thank you. City of Fredericton?

MR. NOBLE: Mr. Chairman, Bruce Noble appearing on behalf of the City of Fredericton.

CHAIRMAN: Thank you, Mr. Noble. City of Moncton?

MR. MCLELLAN: Mr. Chairman, Don McLellan on behalf of the City of Moncton and to my right Bill Cooper.

CHAIRMAN: Well known to the Board. City of Saint John?

MR. BAIRD: Mr. Chairman, Jim Baird, City of Saint John.

CHAIRMAN: Thank you, Mr. Baird. MariCo Oil and Gas Corporation?

MR. HOLBROOK: Mr. Chairman, Dennis Holbrook representing MariCo Oil and Gas Corporation.

CHAIRMAN: Province of New Brunswick?

MR. BLUE: Mr. Chairman, members of the Board, Ian Blue. With me is Don Barnett from the Department of Natural

Resources and Energy and John Holgate of Proactive Technologies International Inc.

CHAIRMAN: Thank you, Mr. Blue. Saint John Energy?

MR. MARR: Mr. Chairman, for Saint John Energy, Eric Marr and Jennifer Coughlan.

CHAIRMAN: Thank you, Mr. Marr. Union of New Brunswick Indians?

MS. ABOUCHAR: Juli Abouchar representing the Union of New Brunswick Indians. And with me is Mr. Ross Milne.

CHAIRMAN: Thank you, Ms. Abouchar. We have got a number of informal interventions. And I don't know -- number one, most of the government departments filed notices of intervention, I guess, with Enbridge that were copied to us.

I will go through them. But I don't think there is anybody here, in that Mr. Blue and Mr. Barnett are representing the Department of Natural Resources and Energy and will ask questions on behalf of any government department as I understand it.

MR. BLUE: That is correct.

CHAIRMAN: And their names are all changed now anyway.

Department of Agriculture, Fisheries and Aquaculture, that is a new one.

Department of Business New Brunswick, Department of the Environment, Department of Natural Resources and

Energy, Department of Public Safety and Department of Transportation.

Then there was an informal intervention from the City of Edmundston. Is there anybody in the room today from the City of Edmundston? I didn't think so.

Environment Canada. And Mr. Lindsay is the Provincial Management of the Environment Protection Branch, filed an informal intervention request to make comments by way of letter. It is my understanding that that letter has now -
- of comments has now been received.

Is Mr. Lindsay in the room today?

MR. LINDSAY: Mr. Chairman, yes, I'm here.

CHAIRMAN: Thank you. I didn't recognize you until I saw a head bobbing down there. That letter of comment.

NB Power, my understanding is that they have reserved the right to make comment to the Board by way of a letter of comment.

Sempra Energy Sales? Mr. Zed is not in his normal position in this room. So he is not appearing. And he wants to be advised when oral argument will take place.

The Town of Dalhousie? Town of Nackawic? Town of Oromocto? Town of Sackville? Town of St. Leonard? The Village of Chipman?

Okay. Any other parties either informal or formal Intervenors, et cetera whom I haven't covered in this

list?

MR. RICHARD: Mr. Chairman, Town of Dieppe, Roland Richard is on your list and not mentioned so far.

CHAIRMAN: May well be. Sorry, I apologize.

MR. RICHARD: Very good.

CHAIRMAN: And your name, sir?

MR. RICHARD: Roland Richard.

CHAIRMAN: And you are the mayor?

MR. RICHARD: No. Director of Engineering and Public Works.

CHAIRMAN: Okay. Thank you, Mr. Richard. And my apology.

All right. Anybody else I have missed? Yes. I'm sorry.

Board staff and counsel are in a special category.

Mr. O'Connell, would you like to enter an appearance?

MR. O'CONNELL: William O'Connell, Mr. Chairman, Board staff. And appearing with me is Ann Mowatt.

CHAIRMAN: Thank you. Any preliminary matters?

MR. MACDOUGALL: Yes, Mr. Chair, a series of preliminary matters. Maybe we can take them one at a time. And I would suggest the first one is for us to introduce some exhibits that will be referenced during the proceeding.

I have given 15 copies to the Board secretary of each one. We have made copies available at the back of the room. And possibly I could just go through and identify each one of the exhibits at this time.

I don't know if they will be in the right order there

in my list. So Ms. Legere will have to find them as I go through.

The first document is a document entitled Principles Leading to a Friendship Agreement between the Mawiw and Enbridge Gas New Brunswick dated March 29, 2000.

The front should say Principles Leading to a Friendship Agreement. The date is on the back page.

CHAIRMAN: That is A-1.

MR. MACDOUGALL: The next document, Mr. Chair, is a letter dated March 3rd 2000 from Enbridge Gas New Brunswick to the UNBI. It is addressed to a Mr. Darrell Paul of the UNBI.

CHAIRMAN: And that is A-2.

MR. MACDOUGALL: The next document is a letter dated today's date I believe, May 15th, from Enbridge Gas New Brunswick to the Board, was sent to Mr. Highfield.

CHAIRMAN: That is A-3.

MR. MACDOUGALL: The next document is a construction breakdown by municipality for Enbridge Gas New Brunswick.

The front page -- Ms. Legere should have a schedule. And it should say "construction of laterals."

CHAIRMAN: And that is A-4.

MR. MACDOUGALL: The next document is a package of maps that are stapled together. This could probably have one exhibit number.

And the package includes five maps. This is just for ease of reference, Mr. Chair. It is the preferred routes for the seven communities, Moncton, Riverview and Dieppe being on one map.

So there is five maps. And at the back of that package is a street cross-section showing where a gas line would go in the street.

CHAIRMAN: Just to back up a second. A-4 has eight pages.

MR. MACDOUGALL: That's correct. Those pages were not numbered, Mr. Chair, but they are a breakdown for the seven communities and the index. The pages are for each community.

CHAIRMAN: And the last exhibit that you were referring to was A-5 and that has seven pages, I believe. I may be wrong.

MR. MACDOUGALL: Six, should be.

CHAIRMAN: Six. I will take your word. Six.

MR. MACDOUGALL: And the last package, Mr. Chair, is a package of three amendments to the general franchise agreement. In preparing for the construction application we became aware as the applicant that the Board may not have received amendments for the general franchise agreement. It was filed -- the general franchise agreement was sent to you by the Board. We checked with the Province today -- by the Province, I am sorry. We

checked with the Province today. They don't believe that the amendments were sent to you after January 31. So maybe we could give the three amendments an exhibit number. And this completes the general franchise agreement. Items in here aren't referencable to things such as the essential elements or anything dealt with in the rates case, but it would be appropriate for the Board to have these amendments.

CHAIRMAN: I think it would.

MR. MACDOUGALL: It was our --

CHAIRMAN: We are always the last to know, Mr. MacDougall.

MR. MACDOUGALL: It was our understanding that everything went from the Province to you after January 31, and that does not appear to have been the case.

CHAIRMAN: So there are two amendments then?

MR. MACDOUGALL: Three.

CHAIRMAN: Three.

MR. MACDOUGALL: The first amendment is dated October 8, 1999, the second December 1, 1999, the third January 28, 2000.

CHAIRMAN: Okay. A-6 on the first amendment, A-7 on the second and A-8 on the third.

MR. MACDOUGALL: Mr. Chair, those are the exhibits. Just to comment on two of them. As I said, on the preferred route maps, we also have large copies of those maps. We were

hoping to be able to put them in this room because it might have been useful for the Board and others. I think the easels and the maps don't work easily here. So all those maps are now in front of you, plus there is a big copy of a provincial map.

What we thought we might do is put them outside of the hearing room just in the lobby there at the break and on the various days. They are to a large scale and allow people to sort of generally look at the situation of all five or seven preferred routes, however you look at it, and a general map of the province.

CHAIRMAN: Thank you.

MR. MACDOUGALL: And I believe there is a large copy of the cross-section of the street as well.

And with respect to Exhibit A-3, that is a commitment letter being filed today by Enbridge Gas New Brunswick Inc. in response to the various provincial departments that you mentioned earlier and queries that they have raised. It sets out a series of commitments made by Enbridge Gas New Brunswick based on questions and concerns raised by those departments prior to this hearing, and that commitment letter is being filed today as part of the record of commitments of Enbridge Gas New Brunswick Inc. in this proceeding.

CHAIRMAN: So you don't have that yet?

MR. MACDOUGALL: No, that was A-3, Mr. Chair.

CHAIRMAN: I see. Okay. I beg your pardon.

MR. MACDOUGALL: I just wanted to give a brief explanation.

CHAIRMAN: I am missing it because my fellow commissioners just pointed out that some of the amendments to the general franchise agreement are signed by Enbridge and their affiliated companies and not the Province, and others are, as I understand it, signed by the Minister but not Enbridge.

MR. MACDOUGALL: Mr. Chair, I believe they should each be executed in counterpart. One of the problems with getting them to various parties may have been that all the signature pages weren't available. So on the second one you will see there is three signature pages.

CHAIRMAN: Yes. All three. That is A-7?

MR. MACDOUGALL: A-7, that's correct.

CHAIRMAN: Okay.

MR. MACDOUGALL: And on A-8 there is also three signature pages.

CHAIRMAN: Okay.

MR. MACDOUGALL: And there is a clause in each one allowing them to be executed in counterpart.

MR. BLUE: If I may assist, Mr. Chairman, article 4.1 of each agreement permits the agreement to be executed in counterpart.

CHAIRMAN: Thank you.

MR. MACDOUGALL: And I apologize, Mr. Chair. My comments on the commitment letter, that commitment letter has been filed, it was A-3. I just wanted to give some background to it.

That is our first preliminary matter and we can move to the second if there is --

CHAIRMAN: Go to the second, Mr. MacDougall.

MR. MACDOUGALL: With respect to the letter -- Enbridge Gas New Brunswick's letter of May 7 to the Board identifying the panels, I just wanted to point out to the Board that the second panel should be entitled Routing and Environment. So the second panel will deal with the routing issues. I think that's implicit, but just so the parties realize it is that panel that will primarily deal with routing matters.

CHAIRMAN: Yes.

MR. MACDOUGALL: Our third preliminary matter, Mr. Chair, is with respect to the issues raised by the Union of New Brunswick Indians. We would just like to point out that Mr. Marois would be generally available in the first panel to discuss policy issues arising out of the evidence or questions posed by the Union of New Brunswick Indians with respect to specific items such as burial grounds and sacred sites. Directly environmental, that's probably

left -- that's for the second panel.

We did notice that there is probably a mix in the Union of New Brunswick Indian's approach, but Mr. Marois will only be on the first panel and he is the best witness to address policy orientated issues that may be posed by the Union of New Brunswick Indians.

CHAIRMAN: Good.

MR. MACDOUGALL: The next item, Mr. Chair, arises out of the Board's correspondence of May 11th dealing with draft conditions of approval.

The parties were requested in that correspondence to make suggestions in writing prior to the hearing, Mr. Chair. Enbridge Gas New Brunswick Inc. reviewed the draft conditions proposed by the Board and although those appear in line with conditions that would or could be applicable to a distribution line, we may have some specific comments on those conditions that we feel it's best for the Board to first hear our evidence on before we necessarily make comment on the draft conditions. Some of those issues will likely be discussed during the proceeding and some of our panels will likely put forward comment on some of those conditions.

CHAIRMAN: Fine.

MR. MACDOUGALL: And it is likely we would then make comment in our argument or towards the end of the hearing, because

we really feel it would be more appropriate for the Board to have a bit of the fullness of the proceeding before we made our comments, and notwithstanding that this correspondence suggested that those draft conditions be dealt with in writing prior to the hearing, we would like the opportunity to deal with them throughout this proceeding or towards the end of the proceeding.

CHAIRMAN: Yes, that appears to be quite acceptable, Mr. MacDougall.

MR. MACDOUGALL: Okay. Now we have a follow on on that point, Mr. Chair. We had a little bit of a concern that third parties were asked to comment on the draft conditions as it appeared to us to really provide other parties an opportunity to potentially add a laundry list of their requirements to any permit that might arise out of this proceeding.

In particular we note that the Province in being invited by the letter to make suggestions, went quite a bit further and appeared to pose a whole list of other conditions, many of which at first glance by the applicant appear to be more applicable to a main line transmission line.

We believe that on hearing the evidence the Board will be the correct party to determine conditions, if any, that they feel are necessary to be imposed upon the applicant

in its construction permit. We suggest that the Board give somewhat lesser weight to conditions put forward by other parties, particularly where those parties are not putting forward specific evidence.

We have also already committed to the various key government departments to undertake numerous activities as covered in the commitment letter that we mentioned earlier this morning, and those commitments arise out of discussions with those various parties.

So I guess our only concern is that in asking for suggestions on those draft conditions, it wasn't our understanding that other parties would then just take their desires and add them as potential conditions to the permit.

We do have a concern with that and we would like the Board to just keep that in mind as we go through this process and that we believe it is for the Board to determine conditions, if any, based on the evidence and not necessarily for other parties to put forward suggested conditions.

I do have to admit the letter offered them that opportunity and I don't hold people back for doing it, but we have a little bit of a problem that that was the process that was carried forward.

CHAIRMAN: Well your concern is noted, Mr. MacDougall.

However, I guess from where I sit is that intervenors might well suggest conditions. However, your concern is noted.

MR. MACDOUGALL: That's fine, and I guess those -- the fact that they were done in writing prior to the proceeding is what seemed to be a little out of the ordinary for the applicant. But that's fine, Mr. Chair.

Mr. Chair, the next point is the issue of dealing with the standard construction regulation and the role of the municipalities in this hearing, and at this point I would like to turn the mike -- and I guess I have to move the mike over to my colleague, Mr Hoyt.

MR. HOYT: Thank you. Mr. Chairman, Enbridge Gas New Brunswick met this morning with representatives of the four municipalities that have formally intervened in this proceeding, Moncton, Fredericton, Saint John and Dieppe.

I would characterize it as a good meeting. And some agreements were reached which I will outline now.

Enbridge Gas New Brunswick will issue construction drawings to the seven year 1 municipalities as soon as they are available to get the process moving. And those drawings are expected to be available in the next week or so.

This Friday morning the seven year 1 communities, which would be those four plus Riverview, Oromocto and St.

George will be invited to meet to discuss engineering and technical aspects of the municipal operating agreement, particularly noncompensation type matters.

In the afternoon a representative from Enbridge will meet with that group to try and find common ground on those issues and prepare for the meeting that Mr. Blue discussed at our last session scheduled for May 23rd.

The May 23rd meeting is really the Province's meeting. It will involve a larger group of municipalities. And hopefully the parties will be prepared to work to try and find principles that would lead to an agreement that is acceptable to both Enbridge and the municipalities.

As for this hearing, as a group, we agreed to propose to the Board that specifically municipal issues would be taken off the table for the purposes of direct examination and cross examination, but that the municipalities would continue to participate in the hearing albeit probably to a lesser extent than otherwise would have been the case.

Enbridge will not pursue its request at this time for specific exemptions from the -- under the Community Planning Act, to allow construction to proceed.

However, if progress isn't made probably by mid June, both Enbridge and the municipalities reserve the right to come back to the Board to ask if those issues be revisited in a separate proceeding involving those parties.

CHAIRMAN: I welcome that report. Any of the municipalities who were here this morning have any comments on that? Or is that an appropriate reflection of what occurred?

MR. COOPER: Mr. Chairman, Bill Cooper, City of Moncton. I would just like to confirm that the meeting was positive this morning and that we are looking forward to meetings and negotiations in an attempt to settle the various issues.

We will require some cooperation and probably decision from the Province during that period. But we look -- we look to a successful conclusion.

CHAIRMAN: Good. Thank you, Mr. Cooper. Thank you, Mr. Hoyt.

MR. MACDOUGALL: No other preliminary matters from the applicant, Mr. Chair.

CHAIRMAN: Thank you, Mr. MacDougall. Any other preliminary matters from any of the other Intervenors? Mr. Noble.

MR. NOBLE: Thank you, Mr. Chairman. Bruce Noble. I am representing the City of Fredericton.

Despite the fact that it was an excellent meeting this morning, I did wish to notify the Board, as I have notified Mr. Hoyt, that the City of Fredericton is mindful of section 86 of the Act dealing with costs. And we will be making a request of this Board to consider costs as a factor for the City of Fredericton.

I'm aware that there has been a request for costs that has been brought forward with the other hearing. And we are quite happy to comply with any requirements that you have pertaining to that.

CHAIRMAN: Well, I will try and paraphrase what is going on, Mr. Noble, right now, is that the parties to the rates hearing, as I recollected, were to -- if they wished, to file with the Board as of last Friday their position or suggestions as to how the Board should proceed in reference to costs and the principles upon which those costs would or would not be awarded.

I'm sure Board counsel can give you a copy of that correspondence that called for that.

And then the Board indicated that if this hearing were concluded by Thursday of this week that the rates panel would be able to come back and we would hear oral comments from counsel concerning it. And then the Board would issue a decision as to how we would proceed with costs.

This is the first time that this Board in its almost hundred years history has had that legislative jurisdiction to award costs. So we are striking out in new fields here.

But certainly if you want to, after having received a copy that Mr. O'Connell can provide with you, if you want to be added to that list and make comments to the Board,

we would appreciate them.

If in fact this hearing does not conclude by Thursday night, and it is not looking good, then we will do it by way of written comment. And the Board will issue a decision.

Okay. Any other matters?

MR. MACDOUGALL: Mr. Chair, just with respect to that, if Mr. Noble was going to put in comments and we were able to get to it on Friday, it would be useful for the parties, since I understood the process was we could speak to not only our matters but the comments from others, that we have those, you know, some period of time before Friday. I don't know if that is possible at all.

But my understanding was that we would have the right to comment on others as they would on our submission or all parties could comment on each other's submission.

CHAIRMAN: Right. I appreciate that. Welcome to the natural gas hearing process of New Brunswick. You are supposed to sit in one application and provide your comments in reference to another, Mr. Noble, before the end of the week, if you are able to do so.

Okay. Board counsel?

MR. O'CONNELL: Thank you, Mr. Chairman. As those of you who participated in the Enbridge rates hearing will recall, Board counsel and others cross examined the

Enbridge Gas New Brunswick witnesses and during the course of that cross examination requested many documents, some of which were available, some were not.

As I'm sure you can appreciate, requesting documents during cross examination and trying to review them in that time frame is not the preferred technique.

Therefore I have suggested to Board staff that I make an opening statement outlining our request for documents that had been made by Board staff in the form of interrogatories or otherwise that have not to the date of this hearing been satisfied.

And I would suggest to the Board that these materials and issues should be discussed and thoroughly canvassed prior to the swearing in of the first panel.

Board staff interrogatory number 17 asked the applicant for a detailed project schedule. And the response from Enbridge Gas was as follows.

"Preconstruction planning will be conducted during April, May and June. This will include the completion of detailed construction drawings and the application and acquisition of necessary permits. Construction is scheduled to begin simultaneously in each community to be served approximately the first week of July. Through the tendering process, EGNB will request from the contractors a detailed schedule outlining the specific construction

schedule for each community. Through the permitting process it is anticipated that some aspects of construction within each community may require priority scheduling due to conflicts with municipal infrastructure programs and/or environmental mitigation requirements. Enbridge Gas New Brunswick will ensure that these schedules are met."

As I speak to you, it is May the 15th. And the requested project schedule has not been supplied. It is the position of Board staff that a detailed construction or project schedule is necessary for the proper analysis of the construction application and the provision of the appropriate support by Board staff to the Board during the hearing deliberation and decision-making process.

Board staff interrogatory number 19 asks for a listing of all necessary permits. The response to this request was a reference by Enbridge Gas New Brunswick back to information already provided to the Board.

The Board staff expected and anticipated a list of all governmental and nongovernmental permits that would be required for all pipelines in a format which would start at position zero and then move down the pipeline and indicate how many meters down the line the permit requirement arose and the present status of the permit application.

For example, Board staff are aware that when a pipeline crosses under a railway or under, through or above a water course, a permit is required.

Also Board staff are aware that some permits, such as a railway crossing permit, take a long period of time to obtain.

Board staff are of the opinion that as part of its support to the Board, it needs to have detailed information as to the status of the various permits, governmental and nongovernmental.

Board staff in interrogatory number 29 asks for a detailed breakdown of the project costs. The response was a one-page breakout of \$22 million in expenditures.

It is the view of Board staff that the answer to interrogatory number 29 does not satisfy the requirements of section 5, subsection 23 of the filing regulation. There is no system operation or engineering costs.

It is the view of Board staff that data as provided does not permit Board staff to test the accuracy of the data sometime in the future.

Board staff expected to see costs broken down in more detail, such as the cost of valves, fittings and other components of the pipeline. Board staff would also have expected to see contingency amounts for each line item.

And having mentioned this interrogatory, Mr. Chairman,

I should also point out that we have, with today's filings, the breakout by municipality that we didn't have before. However, our thoughts on the need for greater detail remain the same.

Section 5 (13) (a) of the Filing Regulation provides as follows. With respect to engineering matters, the gas distributor shall file a description of the location, a technical description, preliminary drawings, a description of the area where the pipeline will be located, and a map having a scale of not less than 1 in 10,000 for linear pipeline and 1 in 1,000 for distribution and service lines.

As of the hearing we -- the applicant has filed the 1 in 10,000 maps but has not filed the 1 in 1,000 that are required for distribution and service lines.

Finally, Mr. Chairman, section 4, subsection (4) (e) and (f) of the Filing Regulation provide as follows. Prior to filing of an application a gas distributor shall, after first obtaining ex parte Board approval of the proposed elements of the public information program described in paragraphs (a) to (f).

And then we go on to section (e). If changes occur as a result of the comments received, notify those who made the comments and initiate a public notification program for persons affected by the project as a result of the

changes.

And (f) if changes to the project are made other than for the reasons in paragraph (c), initiate a public notification program for persons who would be affected.

Now by letter dated May the 8th the applicant's solicitor informed the Board of changes to the crossing of the Petitcodiac River near Moncton and Marsh Creek in the city of Saint John.

As far as Board staff are aware, the requirements of the filing regulation outlined above have not been satisfied.

The applicant and the Board need to deal with the issues of notification of these changes to the persons contemplated by the filing regulation, so that persons affected can have the opportunity to hear of the changes and address their opinions on these changes to the Board, should they so desire, prior to a decision being issued.

Board staff does feel that it needs the additional data outlined in the statement to enable it to provide the necessary support to the Board of Commissioners of the Public Utilities.

Board staff also needs this data for future comparisons with actual postconstruction numbers.

CHAIRMAN: Thank you, Mr. O'Connell.

What I will suggest is the Board will take a break.

That is an awful lot of writing for Mr. MacDougall to have to do and digest. But I think it might be opportune to give a 15 minute recess, and the Panel has not been sworn, in case they are in any way affected by this. And let the Board know when you are ready to respond to Mr.

O'Connell's various parts of this statement that he has just made. And, Mr. O'Connell, it might be propitious if you were to give a copy of that statement to Mr.

MacDougall or anybody else who wants to read it.

MR. O'CONNELL: Can do.

CHAIRMAN: We will take a break.

(Recess)

CHAIRMAN: Mr. MacDougall.

MR. MACDOUGALL: Mr. Chair, I am going to address some general issues arising out of Mr. O'Connell's comments and try and lead Enbridge Gas New Brunswick Inc.'s response. Mr. Harte is going to assist me. Some of these are specifically technical matters and he will speak to them directly as we go through the points, if that is appropriate.

CHAIRMAN: That's fine.

MR. MACDOUGALL: Mr. Chair, as a start the applicant would like to point out that it is fully cognizant of the requirements under the Gas Distribution Act and the Regulations and has throughout the process attempted to

comply with the Act and Regulations to the extent possible and to the extent appropriate in the circumstances it finds itself.

One of those circumstances it finds itself is in with respect to a process that has been moving forward for a construction permit for this summer on the basis of regulations that were put in place that allowed the Board certain exemptions and certain authority to grant exemptions, taking cognizance of the greenfield nature of the distribution system.

I would like to start by referring to the April 17 letter from the Board to Mr. Hoyt on behalf of Enbridge Gas New Brunswick Inc., and that is the letter dealing with exemptions.

Mr. Chair, I am probably going to read through most of the letter for the benefit of the Board, Board members.

"As you will recall, Enbridge Gas New Brunswick requested an exemption because they thought it was appropriate in the circumstances from some of the filing requirements. As the Board ruled at that time, the Board considers that it would be difficult, if not impossible, for Enbridge Gas New Brunswick to provide all the information required by Section 5 of the Gas Distribution and Marketer's Filing Regulation with respect to the current application. The greenfield nature of natural gas

industry in New Brunswick requires that discretion be used as no historical information exists. However, the onus is on EGNB to provide sufficient information to demonstrate that its proposed construction complies with all relevant provincial and federal requirements. EGNB has filed its evidence and intervenors have submitted written questions to EGNB. The Board considers that this will allow EGNB to provide the information that is both relevant and available.

The Board therefore pursuant to subsection 1 of the regulation directs that the pre-filed evidence of EGNB, together with a satisfactory response to the interrogatories submitted, shall constitute compliance with Section 5 of the regulation for this application."

So that was the starting point with respect to a potential for exemption from some of the filing requirements.

The applicant contends that it complied with that direction in that it filed its application and it responded to the interrogatories. To the extent, however, Board staff may have had a difficulty with the response in an interrogatory, I would like to note to this Board that those interrogatories were filed on April -- the responses to those interrogatories were filed on April 21. I remember it quite vividly. It was Good Friday, as you may

recall, and was available -- the responses were available that day for parties coming in later on on the weekend.

There has been a significant period of time between the filing of those responses, other parties have filed evidence, for Board staff to have got back to Enbridge Gas New Brunswick.

With respect to the requests before the Board today, particularly Mr. O'Connell's request that these matters be dealt with fully before the witnesses sit, the applicant has a problem in that if an interrogatory response is insufficient, one would think that a party would before the hearing notify the applicant that it had a concern, or at least try to attempt to see if there was a process available, either formally or informally through the Board, to get a fuller answer if required, rather than waiting for the day of the hearing. Not only waiting for the day of the hearing but then having the issues raised directly at the beginning of the proceeding after all the witnesses are in the room, all the people are here, they have all come to Saint John, all the parties are here and ready to go.

So that is some background, Mr. Chair. As to the specifics raised by Mr. O'Connell, we would like to deal with them item by item. There is only four or five of them.

The first item referred to a response to Board IR 17 and a request for a detailed construction schedule. The requirement under Section 5(13)(h) of the filing regulation is that a schedule be filed. A schedule was filed. And the Board had already sent its letter of April 17 with respect to the procedure for this hearing.

That having been said, I would now like to turn to Mr. Harte just to discuss the specifics of the nature of the schedule filed and the nature of the request from Board staff that a detailed construction schedule be filed prior to the commencement of this hearing.

MR. HARTE: Thank you. My name is Neil Harte. The reason that the schedule is not as detailed as the Board staff may want or expect is that we haven't completed all the detail construction drawings, therefore we haven't got the necessary permit applications from the various agencies. So we don't know what the requirements they would have as far as timing goes for each section of the project. Nor have we tendered the work, so we don't know from the contractors' perspective which way they would like to approach the construction. But prior to construction we would have much more detail as far as when -- what the schedule would be, we would certainly be willing to provide that at that time.

CHAIRMAN: Any estimate, Mr. Harte, when that would be?

MR. HARTE: Probably by the middle of June we would have it.

CHAIRMAN: Any comment from Board staff.

MR. O'CONNELL: None, Mr. Chairman.

MR. MACDOUGALL: Mr. Chair, turning to the next point arising out of Board staff IR 19, and Mr. O'Connell's further explanation to the question posed, that there should be a list of permits, both governmental and non-governmental, including where they are in the line, presumably along the distribution line.

Again, the applicant would like to point out that filed in its material in Exhibit A, the facilities application, page 49 and 50, was a list of the type of required permits, and then filed within each of the environmental impact assessments filed as Exhibits e, f, g and h there was table 1.1 which you may recall is a very extensive two page table in very small type of all the types of permits and how they may affect the project.

CHAIRMAN: Those were -- as I recollect, Mr. MacDougall, those were sort of generic, were they not? They were --

MR. MACDOUGALL: The description was more generic as to the permits that would be required for the project, that's correct, Mr. Chair. And at this stage I would like to turn it to Mr. Harte to discuss why we feel that is appropriate and concerns that may arise out of that from the Board.

MR. HARTE: We did list all the agencies that we believed we would require permits from. As I had said previously, that the detailed construction drawings have not been complete. The position -- from starting from a position zero along a pipeline is usually for a pipeline's transmission pipelines, not for distribution pipelines. But I am unsure as to the detail that Board staff would require. I would be willing to discuss that with them and see if I could satisfy their requirements after the proceedings today.

CHAIRMAN: Next item.

MR. MACDOUGALL: Yes, Mr. Chair. Arising out of Mr. Harte's comments, I was negligent in forgetting one comment. I do believe the Board understands that Enbridge Gas New Brunswick did speak to the Board at some time quite a while ago, as well as to the Province, with respect that some of the requirement to do in Enbridge's view reflect a main line transmission line much more so than a gas distribution line, and that there will probably be follow-up discussions after these proceedings as to the applicability of some of those regulatory requirements going forward.

The applicant did not have a chance prior to the promulgation of those regulations to make comment in that regard, and again that was one of the reasons for the

exemption letter, because of the nature of some of the regulatory requirements, some of which may be ones we are talking about today, as Mr. Harte just mentioned.

The next point arose out of Board Staff 29, looking for a greater breakdown of costs. And on that one I am turning it directly to Mr. Harte.

MR. HARTE: The breakdown of costs again, particularly when you talk about material costs, is that because the detail construction drawings are not fully complete and because we haven't generated a bill of materials yet, then we wouldn't have that information and that detail available at this time, and it would not be available until probably the middle of June.

And generally when we estimate construction costs for pipelines we usually have pipelines based on history for fittings, et cetera, that go with the pipeline, and valves, et cetera, at a road end cost to the material cost, and we come up with an average cost per meter for material for a certain size pipeline and a certain material. We don't normally file or even estimate cost fitting by fitting on a pipeline project. Again, this would seem to lean more towards a transmission pipeline.

MR. O'CONNELL: Mr. Chairman, if I may, with respect to the last items (b) and (c) that the applicant has just been discussing. It is the position of Board staff that the

type of information that was requested starting at position zero and going in meters down the pipeline is equally applicable to a natural gas pipeline such as the one we are discussing here.

And when they comment with respect to item (c) about the detail, that's not available because the planning isn't done, because the drawings aren't done, all that says to me is that the Board should look with a jaundiced eye at the \$22 million figure at all.

CHAIRMAN: Well, I think I will have Mr. MacDougall complete. And then we will come back to Board staff again, Mr. O'Connell.

In reference to (d), Mr. MacDougall?

MR. MACDOUGALL: (d) was I believe a reference to section 5 (13) (a) of the Filing Regulation and of maps to a scale of 1 to 1,000 as well as 1 to 10,000. And again I will turn that one to Mr. Harte at this time.

MR. HARTE: The drawings for the pipeline, the linear, 1 to 1,000 for distribution and service lines that have just been completed at this time.

As I have mentioned previously, that detail would be available by the middle of June.

CHAIRMAN: So that is mid June as well. The next item, Mr. MacDougall?

MR. MACDOUGALL: The next item, Mr. Chair, and hopefully the

last item if my list is correct, is dealing with the PIP process. It doesn't in our mind necessarily deal specifically with the PIP process. But it does arise out of section 4 (4) (e) and (f) as raised by Mr. O'Connell.

There were two changes to the routing identified to the Board I guess early last week, a crossing of the Petitcodiac River and a crossing of Marsh Creek. Petitcodiac in Moncton, Marsh Creek in Saint John.

And Mr. Harte can speak to the nature of the changes or lack thereof.

MR. HARTE: The crossing of the Petitcodiac in Moncton, when we did a public information program, that crossing was shown as one of the ultimate routes on -- when we did a PIP.

So therefore everyone that attended the sessions and the interested parties along the route had the opportunity to comment on the ultimate routes. And there was no negative comments associated with a crossing on the causeway.

And we had preferred from -- Department of Fisheries and Oceans had asked us to look at the possibility of going outside of the causeway. And we had looked at construction in that area. We thought it might be possible to do that and directionally drill the Petitcodiac.

But when we met with DNRE they had suggested that they consider that to be a coastal wetland area and therefore we should really look at alternate routes rather than going in a coastal wetland. So that is why it was moved back to the causeway, which was the original location shown on the PIP.

As far as Marsh Creek goes, we did show that as one of the ultimate routes. We had insufficient detail on Marsh Creek other than it is a heavily-polluted creek and that a wet crossing would have been a major problem.

So we looked at -- we weren't sure as far as any core samples go and how deep the bedrock was to see if we could directionally drill it. So a preferred route was to add another custody transfer station.

At subsequent meetings with Maritimes and Northeast Pipelines they had done some core samples down around the creek. And then we determined that we could directionally drill under the creek. Therefore we referred back to the creek crossing to eliminate one of the custody transfer stations. But both those alternates were shown on the PIP.

I should have mentioned the Marsh Creek crossing the only party that had made any comment was ACAP. That they had a concern about excavation in Marsh Creek. And we have subsequently sent them a letter informing them that

we will be directionally drilling and it will be a dry crossing.

CHAIRMAN: Who is ACAP?

MR. O'CONNELL: It is the Atlantic Coastal Action Program.

MR. MACDOUGALL: Yes, it is, Mr. Chair.

CHAIRMAN: Okay. Any other comment, Mr. MacDougall?

MR. MACDOUGALL: Mr. Chair, I don't know if you are going to go back to Mr. O'Connell, just on his earlier comment. He may have others. If you wanted to, you could go to him. And we could say a final word, if that was appropriate.

CHAIRMAN: Well, I will ask other Intervenors if they have any comments.

MR. MACDOUGALL: Certainly, yes. I'm sorry. No. That is the end of our presentation.

CHAIRMAN: Thank you, Mr. MacDougall. Any other Intervenors have any comments they want to make? Mr. Blue?

MR. BLUE: Mr. Chairman, I would like to make some comments on behalf of the Province.

The first one is a comment about process, Mr. Chairman. These comments will echo comments I made in the rate case.

The hearing was convened to start today originally at 10:00 o'clock. The morning session did not go forward. It was convened to start at 2:00 o'clock in the afternoon. It is now quarter to 4:00.

Mr. O'Connell's opening statement, with the greatest of respect, would be anywhere else regarded as a major motion to stop the applicant's case from going forward. I do not understand why Enbridge and the other parties of the hearing did not have advance notice of it.

I mean, this is, in my submission, totally, totally improper for a party to be required to respond to this, and also taking up air time. This is the sort of a motion that somebody would have suggested let's argue it last Friday or last Thursday before the hearing starts so we don't waste hearing time.

Now with respect to the issue of discussing it prior to the swearing of the first panel, I guess we are doing that. If that is an implied statement, that we should have the material beforehand, the Province opposes that vigorously.

Now Mr. Chairman and members of the Board, I have got many questions of the Enbridge witness panels about what they are proposing and what they have to do.

There is no doubt -- I mean, it is no secret that they haven't filed a lot of material required by the filing regulations. But what that means is all for argument after the evidence is in.

It may well be that after all the evidence is in, the Board will be in a position then to grant exemptions and

let the project go forward. The Province hopes that will be true.

But I'm dealing with my concerns about the information that Enbridge has not filed by discussing it with them, trying to find out when it will be filed and what commitments that the Board can expect from Enbridge.

And I'm going to on the basis of that material make submissions to you. I submit that Board counsel can do the same thing.

And that is the way I submit is the proper way to go.

Let's hear what the company has to say. Let's hear their case. Let's hear their explanation. And let's judge what the wise thing is to do.

We are trying to get gas going in New Brunswick by the end of the year. The company is struggling doing many, many things. The Province is struggling trying to regulate many, many things.

We are all -- the Department of Natural Resources, the Department of the Environment, Mr. Barnett are working day and night trying to get -- work with the company to try and get their concerns met.

We know the company is working hard. And I submit we all have to work hard to try to make this happen if we can possibly do it in the public interest.

With respect to the specific items, I would only say

that the construction schedule is something that we will be discussing with the Board or with the witness panel.

As far as permits are concerned, that is a matter of legal research. My goodness gracious, we can all read the statutes and see what permits are required under the water course alteration regulation and under this Act.

With respect to item (c), the breakdown of project costs, we were just through all this in the rate case. We were told that whatever the capital costs are, the company is not going to charge that, because we have incentive rates which the Board approved.

So if the company is understating its capital costs, that just means that the deferral account will get a little big bigger. But the company has experience in estimating capital costs. We should hear about that from the witnesses under oath. But I submit that that is no basis for not trying to test the evidence.

And with respect to 1 over 1,000 versus 1 over 10,000 maps, we have the 1 over 1,000 maps or 10,000 maps. But the company is not proposing, I believe I'm correct, before November to build any -- do any in-filling in residential areas. And there is plenty of time to see those 1 over 1,000 maps before we start actually doing work in those communities to in-fill.

And with respect to notification about the change of

the route for the pipeline across the causeway -- going across the causeway, I'm here to tell you that Enbridge has been discussing that with the Department of Natural Resources, the Department of the Environment, the Department of Transport.

And all the people that need to know have been fully informed and concur with the recommendation that they put forward in Mr. Hoyt's May the 8th letter.

And Mr. Chairman, I have probably said too much. And I have used up probably too much air time. But with respect, this hearing should go forward. And we should get on with the evidence.

And then if the Board staff feel, at the end of the day, that the evidence is somehow deficient, Mr. O'Connell can make final submissions.

CHAIRMAN: Thank you, Mr. Blue. Any other Intervenors with comment? Ms. Abouchar?

MS. ABOUCHAR: Mr. Chair, I have listened to the comments here and have to say that my client would be very much in support of the approach of Board staff.

We have also found that not having detailed enough maps and detailed enough construction plans has hindered their ability to see how this project is going to impact on their interests.

So -- and in addition not knowing -- having a full

list of all of the permits that are going to be required, all the other permits besides the approval from this Board, has also hindered my client in determining its interests and how its interests are going to be affected.

So while I'm not encouraging this hearing to stop, I'm not sure what the answer is here. I leave that to the Board.

I do say that my client has been very prejudiced by not having detailed enough information at this point. And it does make it very hard to go ahead. And of course we will be testing the evidence such as has been provided.

But it is certainly impossible to determine the impacts without having more detailed information.

CHAIRMAN: Thank you, Ms. Abouchar. Any other Intervenors?

MR. O'CONNELL: Mr. Chairman, I was only trying to help. I guess the situation is that Board staff asked for information in interrogatories and that information was not provided. There is no mechanism once the response to the interrogatory comes in to go further. So Board staff went no further.

I didn't intend this to bring the whole process to a halt, but I did hope we could improve on the situation at the rates' hearing where there was a lot of documentation that was asked for during the course of the hearing and provided in a timely fashion, but it was while

cross-examination on various panels was ongoing.

And I thought perhaps the same -- by mentioning these IRs and the information requested at the start of the hearing that this applicant would be able to in, relatively speaking, a short period of time go out and get that material.

And as to the comments about the lateness of my doing this, I can't argue with that.

CHAIRMAN: Mr. MacDougall, you wanted to have -- we will retire for a couple of minutes after you have had your concluding remarks.

MR. MACDOUGALL: Great. Very briefly, Mr. Chair, I guess on behalf of the applicant I presume we are delighted that Mr. O'Connell did not intend to bring the process to a halt. First and foremost in our mind we would like to have the evidence go forward and have the evidence tested.

As Mr. Harte mentioned in some of his comments, some of these issues possibly can be discussed with Board staff. The issue on permitting particularly, he mentioned that at the end of the process today. Some of the other issues are matters that must be dealt with prior to construction and can be dealt with at that time.

Certainly with the scheduling, we took a look at one party already, notwithstanding my comments from this morning, dealt with scheduling as a potential condition of

the permit. We certainly believe that as the applicant we have put forward as much information as we possibly could in the circumstances which we believe is the appropriate information.

To look at the information provided and to have parties say that they are prejudiced by the lack of information does a real discredit to the applicant, and the environmental groups who are here who have put forward extensive environmental assessments of all of the routing and the various other information. We would like that to be tested in an open forum.

We believe the IR process was extensive. There was periods of time given. The parties could have asked their questions. They did. And we really feel that this process should go ahead in the normal course. To the extent information is or may be required I am sure the Board will determine whether that is appropriate.

CHAIRMAN: Thank you, Mr. MacDougall. We will take four minutes.

(Recess)

CHAIRMAN: First of all, the panel apologizes for having taken so long. It may be the door we went out, I don't know, but we will always depart by that door henceforth.

Mr. Harte had indicated in reference to at least one of the items he would discuss, or was prepared to discuss

after the hearing tonight, with Board staff. This panel's suggestion is that we postpone any decision on this matter, allow Board staff and staff from the applicant to discuss matters this evening, or after the hearing adjourns, and we will see what happens in the morning. We would like to get on with the hearing and swear this panel and start the evidence.

(Panel Sworn - JOHN THOMPSON, NEIL HARTE, ROCK MAROIS)

CHAIRMAN: Go ahead, Mr. MacDougall.

DIRECT EXAMINATION BY MR. MACDOUGALL:

Q.1 - Mr. Harte, could you indicate if Exhibit A, the binder containing Exhibit A, if that evidence was prepared under your direction and control?

MR. HARTE: Yes, it was.

Q.2 - And do you adopt that as your evidence in this proceeding?

MR. HARTE: Yes, I do.

Q.3 - And, Mr. Thompson, with respect to Exhibit C, was that evidence prepared under your direction and control?

MR. THOMPSON: Yes, it was.

Q.4 - And do you adopt that as your evidence in this proceeding?

MR. THOMPSON: Yes, I do.

MR. MACDOUGALL: Mr. Chair, we now have an opening statement, and because all three members are equal

managers of the Board of Enbridge, they have all got a little bit to say. So Mr. Harte will start -- that isn't the reason, but they are all equal on this panel -- so Mr. Harte will start on his area, he will then turn to Mr. Thompson and then Mr. Marois. All of their statements are quite short.

MR. HARTE: Mr. Chairman, Members of the Board, my name is Neil Harte. I am operations manager for Enbridge Gas New Brunswick. I am a member of the senior management team and I am an officer of the company.

Enbridge Gas New Brunswick proposes that they will service 25 communities throughout New Brunswick within the first five years of its operation provided the applicable laterals are constructed.

Enbridge Gas New Brunswick has applied to the Board for a permit to construct pipelines to provide natural gas distribution service in the province. Our evidence contains information on the public information program, the purpose, need and timing of the construction, market research, project facilities and costs. It also includes information on the environmental and socio-economic assessment carried out in the affected communities and the environmental protection plan.

The calendar year 2000, commencing approximately on July 1st, subject to the Board's determination in this

proceeding, Enbridge Gas New Brunswick plans to begin construction of its main grid distribution pipeline system in the municipalities of Fredericton, Oromocto, Moncton, Dieppe, Riverview, Saint John and St. George. This is the start of the company's plan to bring natural gas to over 70,000 customers in the Province of New Brunswick over the next 20 years.

The Enbridge Gas New Brunswick distribution system will connect to the Maritimes and Northeast pipeline facilities at various custody transfer stations in proximity to the previously noted communities, and will be designed to supply natural gas to industrial, commercial, institutional and residential customers.

The distribution systems will be comprised of high pressure steel and intermediate pressure polyethylene pipe and additional facilities, including custody transfer stations and pressure regulating stations.

In its application Enbridge Gas New Brunswick is requesting approval to construct from Maritimes and Northeast Pipeline main pipeline and Saint John lateral including all of the distribution pipelines to connect Moncton and St. George.

As the Board is aware, if it approves Enbridge Gas New Brunswick's approval with respect to the firm service agreement that M&NP dealt with in last week's hearing, and

Maritimes Northeast receives approval to construct the Moncton and St. George lateral, Enbridge Gas New Brunswick will not construct those facilities. However, Enbridge Gas New Brunswick requires a permit to construct all the necessary facilities at this time to cover the eventuality that Maritimes and Northeast Pipeline's proposal does not go ahead.

By the end of calendar year 2000, it is anticipated that the distribution system will be in operation in the above noted communities, providing natural gas service to a range of customers.

Enbridge Gas New Brunswick plans to provide as built information for pipelines constructed in the year 2000 in its report to the Board, which it intends to file after completion of such construction. Subsequent as built information shall be provided to the Board at the end of each year during the development period described in the application in which construction of pipelines does occur.

Once the initial distribution grid systems are constructed, it is the company's intent to aggressively pursue the development of marketing programs that will ensure the most rapid in-fill of distribution systems for customers located adjacent to the pipeline system.

In its annual report to the Board the company will file information on its capital expenditures, total

customer conversions and forecasts of construction activity for the following year, together with its as built construction drawings.

For the remainder of the 25 communities not specifically dealt with in this evidence, the company intends to provide in its annual report to the Board specific information on its construction plans. This will include the public information program and where sensitive features are affected the required environmental impact assessment.

In an attempt to be responsive to the Chair's comments at the pre-hearing, we are not suggesting that no public process, rather we believe the public information program in particular, and the environmental impact assessments, on their ongoing relationship with the New Brunswick Pipeline Coordinating Committee will provide appropriate public input. We merely suggest that a full public hearing should not necessarily -- be necessary.

For example, in other jurisdictions an application for approval to construct is only required for distribution pipelines more than 20 kilometers in length, or which are projected to cost in excess of \$2 million or larger than NPS 6 inch in diameter, which is proposed to operate at 2,000 kilopascals or greater.

In an application under this criteria the utility can

also ask for an exemption from a public hearing. It is unlikely there will be distribution pipelines proposed by Enbridge Gas New Brunswick following this application that will fall into these categories.

The assessment of the environmental and socio-economic impacts associated with this application, which will be described in detail by the next panel, has concluded that the construction and subsequent operation of pipeline facilities proposed is not expected to have any significant adverse impact on the environment given implementation of the recommendations and the mitigation measures provided for in the EIA's.

The evidence demonstrates that the company's plans are also expected to contribute positive benefits to the local and provincial economy.

Finally I would like to refer to the two changes in the preferred routing recently filed with the Board. The first is in Saint John which has been revised to include the crossing of Marsh Creek which will eliminate the custody transfer station.

The second change is the Moncton area. In our plans to construct across the Petitcodiac on the causeway. This change was made because the Department of Natural Resources and Environment consider the mud flats to be coastal wetland and have requested that we find an

alternate route.

I will now turn to Mr. Thompson to speak on the public information program and also marketing issues.

MR. THOMPSON: Mr. Chairman and Board Members, I would like to add to Mr. Harte's comment. My name is John Thompson.

I'm the manager for Enbridge Gas New Brunswick in marketing. And in this capacity I'm also a member of the senior management team and an officer of the company.

I want to discuss some aspects of the public information program, which I will hereafter refer to as PIP, that were held to gain meaningful public input into the planning and design phase of the company's construction plan. And I also want to provide a very brief overview of our marketing strategy.

The company undertook a public information program in the form approved in advance by the Board, to provide information to stakeholders, the aboriginal community and interested members of the general public. And this Board approved PIP was fully completed.

We sought input on the company's alternate route proposals and environmental and social economic impact assessments and solicited any issues or concerns arising from the process of public consultation. And finally we provided for mitigation and/or resolution of issues and concerns raised.

The company held ten open house information sessions attended by over 600 participants and conducted numerous key stakeholder municipal and First Nation briefing sessions in the process, gaining valuable input.

Complete information on the PIP can be found, of course, at Exhibit C. But I want to touch upon just a few of the key elements that formed the basis for our process.

The company ensured that the public and other interested stakeholders were made aware of the project as early as possible. And this notification process was achieved in a variety of ways.

For example, information packages were delivered to all the affected property owners on the routes. The packages contained a number of documents, including information on our application, a schedule of the open house meetings and related information on natural gas. And a market survey was also included, and I will speak to that element a little later.

We sent invitations to MPs, MLAs, Municipalities and local interest groups, together with a schedule of all of the open house meetings, which was also provided to the Board.

Letters of invitation were also sent to all First Nation communities in New Brunswick, the Union of New Brunswick Indians and the Mawiw Council of First Nations.

And a series of meetings were held on First Nation reserves to discuss the company's construction plans. And though both the environmental and socio-economic issues were raised and discussed, the primary purpose of the First Nation's meetings were to display the alternate route maps, provide an overview of the construction application, gather information and feedback and solicit any First Nation concerns.

And a good example of the input process at work came when a concern was raised by the Oromocto Band Reserve regarding archaeological sites along one of the proposed routes. Now an archaeologist hired by the company subsequently validated that concern, and as a result another route was selected.

The notification process was also enhanced by the insertion of notices in local and regional newspapers. The notice included a map indicating the area of study and also encouraged participation in the process with a formal invitation to the open house sessions. Now given the number of insertions and the reach of the newspapers involved, I calculated this notice provided a total readership of 200 and -- some 294,000 people with notification of our plan.

And the rural communities were not forgotten in this process, of course. And the company placed notices in

over 15 rural locations in St. George and Chipman. And we also took advantage of Town Hall and local church connections to obtain further notification space.

Local and provincial media were also notified of the open house sessions through a media advisory. And that was followed by a telephone call just prior to each session. The attendance and coverage by the media were both excellent. And the media concentrated as much on individuals attending the sessions as it did on the company. Needless to say, we were extremely pleased with the enthusiasm shown by the attendees and also the interest shown in our plans.

The sessions themselves were staffed by company operations utilization and an environmental consultant staff. And they were on hand to answer the myriad of questions that surfaced around the plans to bring natural gas into the community, though it sometimes seemed to us that every other question was when can I get it.

And apart from the public sessions the company also held a number of briefing sessions with municipal officers to give them an opportunity to provide the important local input to EGNB on its route selection criteria. And this input -- this input, for example, enabled the City of Fredericton to point out its own preferred route through the City. And that was a recommendation that we

subsequently adopted.

And finally the PIP process provided the public a variety of ways to provide feedback through such tools as questionnaires, 1-800 number and a web site. And these tools allowed the company to capture questions on concerns on issues management form and then to respond to concerns and questions that range from specific question on route selection and equipment conversion, to questions on safety and safety related issues.

And then the follow-up progress was then monitored to ensure that all of the issues raised were responded to and resolved to the questioner's satisfaction.

The PIP gave the company a unique opportunity to meet and talk with future customers and stakeholders. And more importantly, I guess, obtain a different perspective on its plans. And an example of that was in Oromocto, upon inspecting our plans, Mayor Fay Tidd immediately informed me that the Town was in the process of zoning a large commercial and residential area that I, as marketing manager, would surely be interested in. And she was surely right in that assumption. And after a review of the alternate routes, we revised the plan to ensure the proximity of natural gas for the future benefit of the Town and its residents in that particular area.

So the purpose of the PIP is to obtain a range of

public opinion and input into all aspects of our construction plans is plainly not a marketing program. However, I did take the opportunity to piggyback onto the process and provided every on route address with a marketing survey. And those samples can be found in appendix A, Exhibit C.

A total of 385 residential and 82 business respondents completed the surveys and the results were tremendous. 94 percent and 92 percent respectively answered in the affirmative when asked if they would be interested in converting to natural gas if it were available to them. When they -- when then asked to state how soon they would convert, 73 percent said in the first year. So the numbers certainly provide support to earlier research we have carried out, though naturally they will be somewhat tempered once customers begin the conversion process and take stock of everything that the transaction entails.

Customers, of course, are the most important element in any business and we ignore their needs at our peril. And as manager of marketing with Enbridge Gas New Brunswick, it's my responsibility to ensure that together with all industry participants, as many end users as possible convert to natural gas at the lowest possible cost at the earliest possible day. And with our year 2000 plans of course we have only just begun.

So we envision a comprehensive and integrated marketing plan that recognizes the need to raise the level of public understanding and awareness of natural gas and its benefits. The plan will respond to the needs of a variety of interested parties, including the public, governments and industry participants, particularly the HVAC community and marketers.

So we have been assessing the potential market for natural gas in New Brunswick now for over two years. We visited numerous sites, held numerous discussions with potential customers and trade allies and other interested parties in order to understand the needs of our customers.

We prepared a comprehensive inventory of the residential, commercial, institutional and industrial markets. And customer research studies have been conducted among the community to help us identify the wishes and key concerns of customers.

So our marketing strategy will focus on three key areas. The first is building a strong industry infrastructure based on open and cooperative relationships with all industry participants and stakeholders. The industry must work as a team if New Brunswick is to gain the full benefit of the introduction of natural gas.

Second, developing a high level of public understanding and awareness about the benefits of natural

gas to the individual and the community as a whole. And we know we have a big challenge here. But we also know our product. And as we have just chosen an excellent New Brunswick advertising agency, you may be sure that the public is in for an innovative, effective and persuasive introduction to natural gas and all of its benefits.

And we will retain a personal touch. Since early January our ENG management consultants have carried out numerous visits to commercial, industrial and institutional premises, and this will continue.

Business leaders already know the value of the product and the positive effect on their bottom line. And, of course, homeowners too have a bottom line to manage which was evident in the responses that I just mentioned.

And the third and final element in our overall marketing strategy is the construction of a safe, efficient and cost effective natural gas distribution system, about which more will be heard, of course.

So 25 New Brunswick communities are now waiting expectantly and a few impatiently for natural gas to arrive and to begin reaping the significant benefits of this safe, clean and reliable product. And all of us at the company are very enthused by the challenge and the opportunity this presents.

And we see this hearing, Mr. Chairman, Board members,

as a very significant step towards the fulfilment of our long-term commitment to connect 70,000 New Brunswick customers to this new energy source.

Thanks for your attention.

MR. MACDOUGALL: And, Mr.Chairman, just a few short comments from Mr. Marois.

MR. MAROIS: I thought we were all equal here. Bonjour, Mr. Chairman and Board members. My name is Rock Marois. And I'm Manager, Corporate Services for Enbridge Gas New Brunswick.

In this capacity, like my colleagues on this panel, I am also a member of the senior management group and an officer of the company.

I will be dealing shortly with our relationship with aboriginal groups.

Enbridge Gas New Brunswick is committed to establishing a mutually beneficial long-term relationship with the aboriginal people of New Brunswick.

To this end Enbridge Gas New Brunswick initiated discussions with both UNBI and the Mawiw at the end of 1999. Since then Enbridge Gas New Brunswick and the Mawiw have signed an agreement entitled Principles Leading to a Friendship Agreement.

Since signing this agreement Enbridge Gas New Brunswick and the Mawiw have started discussions to

identify in more detail job and business opportunities, the requirement of these opportunities, the existing resources that would facilitate the coming to fruition of these opportunities and the gaps that need to be addressed by EGNB and the Mawiw.

Enbridge Gas New Brunswick and the UNBI have undergone a similar process. The first official meeting with the Chiefs of the UNBI took place on November 23rd 1999.

However, the UNBI preferred reaching a memorandum of understanding rather than the Principles Leading to a Friendship Agreement document.

We are very close to executing such an agreement. Indeed the board of directors of the UNBI has approved on April 25th 2000 the memorandum of understanding that came out of a meeting held on April 18th 2000 between Enbridge Gas New Brunswick and the UNBI.

Enbridge Gas New Brunswick has also approved this memorandum of understanding with minor modifications on May 11th 2000.

This memorandum of understanding addressed the issues such as aboriginal policy, training, job opportunities, contracting opportunities, funding, supply of goods and services, access to natural gas and protection of aboriginal resources.

Notwithstanding these agreements, Enbridge Gas New

Brunswick has already started addressing the issue of benefits to aboriginal people.

In particular Enbridge Gas New Brunswick has informed aboriginal communities of job opportunities and has committed to give preferred status to contractors who maximize aboriginal content.

The issue of financial resources required by the UNBI has raised some concerns on behalf of Enbridge Gas New Brunswick. However, we did refund the UNBI for some costs already incurred.

In addition we did commit verbally on February 21st and subsequently confirmed in a letter dated March 3rd 2000, that was filed earlier today, to cover the reasonable incremental costs for the review of our alternate routings and environmental assessment. Merci.

MR. MACDOUGALL: Mr. Chair, the panel is available for cross examination.

CHAIRMAN: When I took appearances I didn't ask counsel to indicate when they wished to cross examine. In the rates hearing Mr. Blue had indicated he wanted to go second to last. Board counsel always goes last.

Is that still your preference, Mr. Blue?

MR. BLUE: I'm in your hands, Mr. Chairman, on this one. Whatever you think is --

CHAIRMAN: Shall we go with senior member of the bar then?

MR. BLUE: All right, sir.

CROSS-EXAMINATION BY MR. BLUE:

Q.5 - Mr. Harte, I just want to retrace some of the things you said when you were speaking to the Board from the council table, just to make sure that I have got my facts straight.

First I think you said that you were not expecting engineering drawings until mid June, is that correct?

MR. HARTE: The detailed engineering drawings. That's correct.

Q.6 - And what is the reason for the delay in getting those engineering drawings?

MR. HARTE: They are in the process of actually working on those drawings now with consultants. They are producing those drawings.

Q.7 - By the way who is Enbridge's engineering consultants?

MR. HARTE: We have ADI that is producing drawings. We have Jacques Whitford, this is a local company, producing drawings. So between the both. And Jacques Whitford is doing Saint John and St. George. And ADI is producing drawings for Fredericton, Oromocto and Moncton.

Q.8 - Mr. Harte, do you have all the information that you require from municipalities in order to locate your services appropriately at this time?

MR. HARTE: No. We don't have at this time.

Q.9 - When do you expect to receive that information?

MR. HARTE: We are working with the municipalities just now on specific line locations for pipelines. And I would imagine that by the time that the detailed construction drawings are done that I will have all the information by that time. This is for the pipeline.

Specific service laterals though. That would be mainly up with the customers or potential customers that we have, that we would identify those service locations at that time.

Q.10 - All right, sir. Now you have indicated that you have not yet let any contracts. And I guess that is because you don't have contract specifications, is that correct?

MR. HARTE: We haven't done the detailed construction drawings. So therefore we are not prepared at this time to tender any of the construction work.

Q.11 - And Mr. Harte, give it to me straight. Are you going to be in a position to start constructing by July the 1st with all these things still uncompleted?

MR. HARTE: That's correct. We are on schedule as far as July 1st construction.

Q.12 - I beg your pardon?

MR. HARTE: We are on schedule as far as starting construction July 1st.

Q.13 - So you have two weeks in which to award contracts and

for the contractors to be able to mobilize their spreads?

Is that what you are telling us?

MR. HARTE: No. The intent would be that we would have the construction drawings completed by the middle of June. We would probably have a tender out prior to the detailed construction being completed.

Q.14 - Yes.

MR. HARTE: That would be sort of a like a draft drawing, if you would like. Here is the line locations, but we haven't got all the details on the drawing.

We would call the tenders in for probably the third week in June, so that then we can award it almost immediately, and subject to Board approval start construction as soon as the contract is mobilized.

Q.15 - How long would that -- how long does it normally take for a contractor to mobilize to put in gas distribution service, 6-inch lines, 4-inch lines, and the service?

MR. HARTE: Normally -- depending on who the contractor is and their location, normally a week to two weeks.

Q.16 - All right. Now how did the permits that you require fit into that schedule, since you told us you don't have a complete list at this time?

MR. HARTE: We have a complete list of who we need to obtain permits from. But we haven't made all the permit applications.

We will make the permit applications over the next couple of weeks. And we would expect that we would be having them returned sometime around mid to late June.

Q.17 - All right. Sir, we are going to talk about that in a bit more detail almost immediately. But I'm just trying to get your overall schedule clear in my mind.

What is the status of pipe acquisition at the present time?

MR. HARTE: We have ordered all the piping material.

Q.18 - And is it on schedule?

MR. HARTE: It is on schedule, yes.

Q.19 - For delivery when?

MR. HARTE: For delivery July 1.

Q.20 - Mr. Harte, who is providing Enbridge Gas New Brunswick with pipeline engineering advice? And who will seal the drawings?

MR. HARTE: They will be sealed by an engineer from our parent company, out of Enbridge Consumers Gas out of Toronto.

Q.21 - All right. As a matter of policy, since you are an officer of the company, Mr. Harte, when Enbridge was proposing -- made its proposal to the Province, it indicated that it would have someone called an operations manager.

And it told us at that time that that person would be

a professional engineer of the same type that was I guess the operations manager at Enbridge Consumers Gas Company in Toronto.

What are the present plans with respect to an operations manager? Is that -- are you the operations manager --

MR. HARTE: I'm the operations manger, yes, and I'm not a professional engineer.

Q.22 - Right. Thank you. Now sir I would like to refer to your evidence, Exhibit A on page 17 dealing with water course crossings.

MR. HARTE: Yes.

Q.23 - Now sir, there in section 5.1.1.3 in water course crossings, you tell us there are three types of crossings, the HDD, the wet crossings, the dry crossings.

And then at the end, you make the statement, "that prior to construction, designs and drawings will be prepared by Enbridge for each water course crossing." Do you see that statement?

MR. HARTE: That's correct.

Q.24 - And when do you expect to be able to provide the designs and drawings, is that mid-June as well?

MR. HARTE: Those drawings will be completed by the end of this month.

Q.25 - By the end of May?

MR. HARTE: By the end of May.

Q.26 - All right. And will you be in a position to show those drawings to the Department of the Environment and the Department of Natural Resources by the end of May?

MR. HARTE: Yes, we will have application to them with the detailed drawings.

Q.27 - Thank you. Now, Mr. Harte, could you turn next to your response to Board Staff IR number 27.

MR. HARTE: Okay.

Q.28 - And what you say in your response there is the actual methods and equipment and specifications for horizontal directional drillings will be decided after you discuss these issues with your contractors, is that fair?

MR. HARTE: That's correct.

Q.29 - Now one of the rivers you are going to do an HDD crossing of is the Saint John River, is that correct?

A. That's correct.

Q.30 - Now we were a little bit surprised that you wouldn't have more detailed plans for a major river crossing like the Saint John River crossing at this time.

Do you have -- are your plans with respect to that HDD project more refined and detailed than for your others, or is it in the same category that you will have to wait for you to discuss with the contractor?

MR. HARTE: Well this particular crossing is quite a major

crossing.

Q.31 - Yes.

MR. HARTE: So the type of equipment that they might use on HDD could vary depending on the manufacturer and where it comes from. But the intent is to directionally drill the river.

I have had various drilling contractors come in and actually have a look at the river.

Q.32 - All right, sir. So would it be fair to say that you have got a pretty clear picture in your mind of how that river crossing is going to be carried out?

MR. HARTE: Yes.

Q.33 - And will that be incorporated into the specification for the contractor you choose for that crossing?

MR. HARTE: That's right. And that will be incorporated into the detailed drawings for permit application.

Q.34 - And again is that a drawing -- an approach we are going to have by the end of May?

MR. HARTE: That's correct.

Q.35 - All right. Thank you. Now one of the things that the Gas Distributors and Marketers Filing Regulations require and specifically in paragraph 513 is for you to tell us what type of coating you are going to use on the pipe. You are aware of that?

A. The coating on the steel pipe will be yellow jacket

coating.

Q.36 - Yes. And my question is are you planning to use the yellow jacket coating for all sections of pipe? Are you going to use it for -- and specifically are you going to use it for the HDD sections?

MR. HARTE: That's correct.

Q.37 - Do you think that's sufficient for pipe going under river crossings?

MR. HARTE: We have been quite successful in using this type of construction in other locations.

Q.38 - But do you have experience with yellow jacket coating used for HDD in other jurisdictions?

MR. HARTE: Yes, we have.

Q.39 - Can you describe some of those for us?

MR. HARTE: I guess a fairly large one was across the Ottawa River, a 20 inch pipeline constructed a few years ago. There hasn't been a lot of steel pipe constructed in Ontario in the last 10 years, but generally the method for construction across river crossings is directionally drilling in today's environment.

Q.40 - I am aware of that. It's the coating that I was really directing my mind to.

MR. HARTE: Well we usually inspect the pipe when it's coming out and if the coating has been badly damaged, they will probably try and redrill. And we have been quite

successful with the smaller diameter pipelines and drilling.

Q.41 - Mr. Harte, I want to now go to page 23 of Exhibit A and this deals with -- it's in the part of your evidence dealing with description and 5.2.1 is Fredericton?

MR. HARTE: Yes.

Q.42 - And this is getting back to the Saint John River crossing at Fredericton, right? And you tell us that the pipeline crosses the river in a northerly direction for 10 -- 1,010 meters to the proposed district regulator station near City View Avenue and Main Street?

MR. HARTE: That's correct.

Q.43 - Do you see that? And you referred us on page 35 of Exhibit A -- I'm sorry, Exhibit D, page 35. You tell us that you are relying for your geotechnical analysis on a report done for -- by Subsurface Surveys (1968) Ltd. for the Westmorland Street bridge project, is that correct?

MR. HARTE: I just have to get that.

MR. MACDOUGALL: Let Mr. Harte look at it.

Q.44 - I'm sorry, let's get it. This is in the socioeconomic -- the environmental and socioeconomic impact assessment for Fredericton, page 35.

MR. HARTE: Yes, I have got that.

Q.45 - And I take it you have read this portion of the report dealing with the geotechnical information about the Saint

John River crossing at Westmorland Street?

MR. HARTE: That's correct.

Q.46 - You are familiar with it. Now my question really is when was the geotechnical study done by Subsurface Surveys (1968) Ltd.? What is the date of that study?

MR. HARTE: I'm sorry. Could you repeat? When was it done, is that what you asked?

Q.47 - Yes.

MR. HARTE: 1968.

Q.48 - No. '68 is the name of the company, it would be in the company name. But do you know when they did the geotechnical study for the bridge?

MR. HARTE: Not off the top of my head, no.

Q.49 - Okay. Can someone find that out for us?

MR. HARTE: Yes, sure.

Q.50 - Okay. Do you know the scope of that study? Was it a -
- did it look at the whole river crossing or just the portion of the river where the bridge footings went?

MR. HARTE: It was at the location where the Westmorland Bridge was constructed.

Q.51 - I am aware of that. But did it look at the geotechnical subsurface of the whole of the river bed or just the portion of the river bed where the footings for the Westmorland Bridge is located?

MR. HARTE: I would have to check that.

Q.52 - Would you check that for us?

A. Yes.

Q.53 - In any case, have you done any additional geotechnical work?

MR. HARTE: There was another crossing of the river further west of the Westmorland Bridge since our filing that we had geotechnical information and core samples from the river.

Q.54 - Yes, but have you done any geotechnical investigation or obtained any geotechnical data for the section of the river bed at the Westmorland Bridge location where you want to HDD the pipeline?

MR. HARTE: No. If we are ever going construct the pipeline we will be west of the Westmorland Bridge.

Q.55 - All right.

MR. HARTE: And there was another crossing that was installed west of the Westmorland Bridge. So we have got some more up-to-date information.

Q.56 - And have you compared the two geotechnical studies?

MR. HARTE: I can't say. I know that we looked at the other one being more up-to-date information, the one further west.

Q.57 - All right, sir. What geotechnical data do you propose to give to the contractor then?

MR. HARTE: We will give them the most up-to-date

information, and basically it shows that where the clay -- hard clay is below the river, that they would look at drilling in the hard clay. They are quite confident that they will be successful in that area to cross the river.

Q.58 - So just let me be clear about what you are telling the Board, Mr. Harte. You are saying that there was a more recent geotechnical survey of another river crossing west of the Westmorland Bridge.

You want to put the pipeline west of the Westmorland Bridge and you are confident that the geotechnical data there shows that basically the subsurface is hard clay through which there will be no problem putting the pipeline.

Is that what you are telling me?

MR. HARTE: That's correct.

Q.59 - Would you have any objection to providing us with copies of the two geotechnical studies so that we can review them?

MR. HARTE: No, I have no problem.

Q.60 - All right then. Thank you. Now if we go to the same exhibit, but go to page 158.

MR. HARTE: Okay.

Q.61 - At the bottom of the page what we are told is that an existing 600 millimeter municipal water main also crosses the Saint John River in the same proximity of the planned

route for your HDD, and it says, since the gas main is being drilled using HDD it can be easily drilled beneath the water main. Do you see that?

MR. HARTE: That's correct.

Q.62 - We were interested to know whether you have discussed that with the City of Fredericton or not?

MR. HARTE: Maybe it will require some clarification.

Q.63 - Yes.

MR. HARTE: It would be beneath the elevation of where the water main was installed, but we are not actually below the location of where the water main is.

Q.64 - So we should write some additional words in that statement then. It would be beneath the elevation of the water main, and the point being that if the water main was successfully located in that bed then it's even safer to put a gas pipeline HDD'ed below that grade?

MR. HARTE: Actually we are further west of where the water main was installed, and this was the information I referred to earlier about more up-to-date information, closer to our crossing location.

Q.65 - Okay. Now what is the offset distance, roughly?

MR. HARTE: I am not sure. I know it would be something like 50 meters plus.

Q.66 - Okay. If you can get us that information that would be great?

MR. HARTE: Yes, I will.

Q.67 - Thank you. But getting back to my question, have you discussed where you are going to put the line relative to the water main with the City of Fredericton?

MR. HARTE: Have we discussed the location of where we were going to cross the river with the City of Fredericton, yes, but not specifically in relation to the water main at this time.

Q.68 - Okay. Did they raise the issue of the water main with you?

MR. HARTE: They raised the issue that there was a water main at that location.

Q.69 - Right.

MR. HARTE: But they have not raised any concerns about us drilling at that location.

Q.70 - Okay. When do you plan to do the Saint John River crossing?

MR. HARTE: I would think it would be late July, early August.

Q.71 - Again I am going to ask you the question, do you think a late July river crossing is feasible given the need to develop the design and obtain the permits necessary for the crossing at that time?

MR. HARTE: Yes.

Q.72 - And could you tell us what kind of nondestructive

examination and hydrostatic tests are planned for the Saint John River crossing?

MR. HARTE: The Saint John River crossing will -- it's planned to operate it at the 175 pounds per square inch, so therefore we would have a hydrostatic test of approximately 250 to 275 pounds per square inch.

Q.73 - Yes. Anything else?

MR. HARTE: That would be our leak test on the pipeline, it's a 24-hour leak test.

Q.74 - Are you going to pre-test the -- are you going to pre-test the joints of pipe before you pull it across the river?

MR. HARTE: No. We will do a hundred percent x-ray on the welds and then we will pull it through.

Q.75 - I wanted to refer to Mr. Hoyt's letter dated March the -- May 8th 2000, and do we have an exhibit number for that, Mr. Chairman? If not, can we have one?

MR. MACDOUGALL: It would be an exhibit where the maps were attached to it would have been refiled within the various exhibits. The letter itself probably hasn't been given a number.

CHAIRMAN: In A-5. The date of the letter was what, Mr. --

MR. BLUE: Mr. Chairman, my A-5 are the maps.

MR. CHAIRMAN: Yes.

MR. MACDOUGALL: Now, Mr. Chair, what Mr. Blue is referring

to is the letter that was sent to the Board last week with the amended maps, the ones that show the difference in Marsh Creek and the Petitcodiac River. And there would have been maps attached that the Board probably has now had replaced in their binders, because that was the instructions.

The letter itself, if Mr. Blue is going to refer to the letter itself of May 8th, it wouldn't have got an exhibit number, because it was sent to you May 8th, not provided this morning.

CHAIRMAN: I don't have that. I don't have the letter itself.

MR. MACDOUGALL: The maps, there were 15.

CHAIRMAN: Sure.

MR. MACDOUGALL: Okay. The letter itself. Okay.

CHAIRMAN: That will be Exhibit C-1.

MR. BLUE: I'm sorry, sir?

CHAIRMAN: C-1.

MR. BLUE: B-1.

CHAIRMAN: C as in Charlie.

MR. BLUE: C-1, yes. And that's because I am putting it in, is it?

CHAIRMAN: Yes.

MR. BLUE: Okay.

CHAIRMAN: Might as well address this right now, Mr. Blue.

After trying to assemble the list of exhibits in reference to the rate hearing, I went back to the regulations, which says that the record of the proceeding include such things as the application, interventions, interrogatories, et cetera and any exhibits marked at the time of the hearing.

So I do not propose to go through marking every piece of correspondence that flowed between the parties leading up to the time of the hearing.

So that if any of the parties want to have a letter marked as an exhibit, then they should produce it and have it done that way.

MR. BLUE: Yes, sir.

Q.76 - Do you have that letter, Mr. Harte?

MR. HARTE: Yes.

Q.77 - And you have seen that letter before, haven't you?

MR. HARTE: Yes.

Q.78 - Okay. Now I just want to be clear, you say under the heading, Moncton, Petitcodiac River, in the second sentence, "Due to concerns expressed about the sensitivity of the coastal marsh habitat, which has established on the sediments and identified engineering difficulties with the proposed drilling, the preferred crossing method is now -- is to now place the pipeline on the existing causeway and use existing bridge for the section nearest Riverview."
Right?

MR. HARTE: That's correct.

Q.79 - And could we go to Exhibit J, Schedule 19. And Exhibit J is the response to New Brunswick IR number 19.

MR. DUMONT: Could you repeat that, please?

MR. BLUE: Yes, that's Exhibit J, as in Juliet, Schedule 19.

MR. HARTE: Yes.

Q.80 - And what the Province asked you was whether Enbridge was aware that all coastal marshes are considered to be provincially significant wetlands?

And your answer is yes. And then the second sentence you say, "If the causeway were to be removed, the marsh system would likewise be removed. Due to the sensitive nature of this provincially significant wetlands identified by the Province of New Brunswick, Enbridge is evaluating accommodating the distribution system within the existing causeway to minimize potential adverse effects to the wetlands." Do you see that?

MR. HARTE: That's correct.

Q.81 - All right. It's the possibility of the causeway being removed that I want to talk about. Are you aware that there has been discussion between the Province and Environment Canada about removing that causeway?

MR. HARTE: Our environmental consultants made us aware of that, yes.

Q.82 - All right. And what is the status of discussions that

you have had with the New Brunswick Department of Transport regarding the placement of the pipeline on the causeway and the possibility of removal?

MR. HARTE: I wonder if I could refer that to the environmental committee -- the environmental group when they take the -- when they become witnesses. They would be more aware, the consultants, of the discussions that they had regarding that causeway.

Q.83 - Well all I want to know, has anyone from the Department of Transport said to you that you can put your pipeline on the causeway if you want to, but if we move the causeway sometime in the future to let this marsh be restored to its natural state, then we expect Enbridge to pay for the cost of the removal of its pipeline.

Have you had that discussion?

MR. HARTE: I am not aware of that specific discussion. But we certainly have talked amongst ourselves that way with the environmental consultants and we are well aware that if that causeway comes out, we are going to have to move the pipeline.

Q.84 - And is Enbridge content to say before the Board in this hearing that it would assume responsibility for the removal cost of its pipeline at that time?

MR. HARTE: The replacement cost, yes.

Q.85 - Thank you. Now is there any technical reason, apart

from the reservations of the Department of the Environment and Natural Resources, are there any technical reasons why you cannot HDD across the Petitcodiac River and through that marsh, salt marsh?

MR. HARTE: There is, there is a -- on the Riverview side of the causeway, where we would have to drill from, it's because the river at that location is rather deep that it maybe difficult to find a location to set up the drilling rig to drill the Peticodiac into that wetland area.

Q.86 - All right, sir. Then what I am hearing you say is that there are good technical reasons why you cannot horizontally directionally drill across the Petitcodiac River and it's not just the request by the Department of the Environment that has led to the decision to try to put the line across the causeway?

MR. HARTE: It was both.

Q.87 - All right. I can live with both. But as you get to the Riverview side of the causeway, I notice that there are rather formidable looking steel gates that go up and down to allow the tide in and out?

MR. HARTE: We would be on the opposite side of the bridge from the gates. So we come along the causeway on one side, then we cross the road, and then we would hang the pipeline on the bridge on the opposite side from the gates.

Q.88 - Thank you. And just again so that our notes are complete, let's assume that for some reason you could not horizontally directionally drill the Petitcodiac River and you decided all things considered putting it across the causeway wasn't wise, what would be plan B to get natural gas to Riverview?

MR. HARTE: That would be really be plan C, because plan A didn't work out. But plan C would be rather difficult. In fact we would have difficulty getting any approvals of design in any crossing so that gas could get to Riverview this year.

Q.89 - Thank you. I still would like to refer to Mr. Hoyt's letter, which is Exhibit C-1. And here I want to talk about the Marsh Creek here in Saint John.

MR. HARTE: Yes.

Q.90 - And you propose to do horizontal directionally drilling of Marsh Creek. Correct?

A. That's correct.

Q.91 - But the map -- and this is a four-inch steel pipeline?

MR. HARTE: That's correct.

Q.92 - But if you look on the map that's attached to Exhibit C-1 to Mr. Hoyt's May letter for the Marsh Creek, in Saint John general -- can you tell me when you have that map?

MR. MACDOUGALL: If Mr. Blue could -- there is a reference down in the lower right corner, because people may have

put them back in their binders and not have them attached to that.

MR. BLUE: Figure 4 of 6.

Q.93 - It's the one with the notations on it.

MR. HARTE: Okay.

Q.94 - Do you have that, Mr. Harte?

MR. HARTE: Yes, I do.

Q.95 - Well the first note on the right hand side, it says, Marsh Creek cross by the preferred route, the watercourse is contaminated with creosote and raw sewage, and then at the bottom of the page there is a note that says, it's an area of potential acid generating bedrock and non-rippable bedrock. Refer to exhibit F, section 6.2.2.3 and 6.2.2.4. Do you see those references?

MR. HARTE: Yes.

Q.96 - And have you obtained any site specific geo-technical data for this proposed crossing of Marsh Creek?

MR. HARTE: Yes. I obtained that from Maritimes Northeast Pipeline.

Q.97 - All right. Do you encounter -- expect to encounter any bedrock at this location?

MR. HARTE: No. We will be above the bedrock when we cross the -- directionally drill the creek.

Q.98 - But then you are going to be putting the four inch pipe through all this stuff contaminated by sewage and

creosote. What are you going to do with the -- with all that material once you get it out? Do you have a plan for getting rid of it?

MR. HARTE: We are going to directionally drill the creek so it will be a dry crossing. We will be two and a half to three meters below the bottom of the creek. That was the first reason why we went to another custody transfer station because the handling of that material in the creek would be a problem, but then when we found out there was sufficient overburden over the rock and below the river bed -- or the creek bed -- that we could drill it, we changed the routing.

Q.99 - Okay. Thank you, sir. And again, when do you expect to file the detailed plans site specific EPP for this particular river crossing?

MR. HARTE: We should have them filed by the end of this month.

Q.100 - By the end of May. The reason for the conference that I am having with the people to my right is what is your plan in case you do encounter, you know, contaminated material and have to dispose of it? Do you have a plan for that?

MR. HARTE: Well if we encounter contaminated material the first thing that is going to happen is we stop construction until we evaluate the situation and see where

we go from there, but we don't think that we will because we are far enough below and that we have core samples from M&NP either side of the creek crossing and they are clean.

Q.101 - Thank you. I want to talk about now Enbridge's geographic information system, and could we refer to exhibit J, schedule 6, that's the Province's IR number 6.

MR. HARTE: Okay.

Q.102 - And what we pointed out to you was that in the RFP for gas distribution services that the successful proponent was required to maintain geographic information in a format compatible with the system used by the New Brunswick Geographic Information Corporation, and that Gas New Brunswick undertook that an economic evaluation would be made to determine the appropriate timing for the implementation of an AM/FM system.

And I take it you were aware of that?

MR. HARTE: That's correct.

Q.103 - And we requested you to give us an update on where that was. And when we got the response it was sort of like "a cheque is in the mail" type answer. You said, "EGNB has had discussions with Enbridge Consumers Gas as well as other vendors with respect to the future GIS system that will be developed at EGNB. The current schedule involves the evaluation of two or three software platforms during the fall of 2000 with implementation

expected by May 2001. With this in mind EGNB has developed the construction drawing process in a manner that facilitates the move to a full GIS system. As part of its specifications for information capture EGNB requested that the information be digitized to a spatially correct land base making this data easily portable to a future GIS system."

I take it you are familiar with that response?

MR. HARTE: Yes.

Q.104 - Now, sir, can you tell us why the implementation of the GIS system is being delayed?

MR. HARTE: It's not that we are delaying the implementation of it. We -- what we intended to do was to produce construction drawings from a system that could populate a GIS system.

So we made sure that however we were producing the construction drawings, the detailed construction drawings, and the as-constructed drawings, would be capable of populating the GIS system.

Now I have had discussions with the municipalities about various systems that they have in place and whether we can actually populate the GIS system that is similar to the municipalities, or we may have to go to our own system if they don't use the CARIS system that is presently in the province.

Q.105 - Is the requirements definition document for your system been completed at this time?

MR. HARTE: No, it's not.

Q.106 - And is the delay in completing that document related to similar evaluations being made by other Enbridge companies?

MR. HARTE: That's not the reason for the delay. The reason for the delay is we have contracted with ADI to look at various systems that are available and to see how we can populate those systems on a GIS platform.

Q.107 - Could you explain who ADI is?

MR. HARTE: They are a local consulting engineering company that deals with these type of systems.

Q.108 - When you say local, is that a New Brunswick company?

MR. HARTE: Sorry. Yes, New Brunswick. I'm dealing with the Fredericton office.

Q.109 - All right. Thank you. Can you tell us, Mr. Harte, when you say that the information will be done in a way that is easily portable to a future GIS system?

MR. HARTE: I had ADI look at various formats available to make sure that whatever format the consulting engineering companies were producing digitized drawings on, that that could populate the CARIS system.

Q.110 - All right. Now will there be some cost incurred in order to convert the data to your GIS system when you

choose it?

MR. HARTE: There will be a cost to convert it, yes.

Q.111 - Now ADI is evaluating systems, but are you looking at New Brunswick companies to provide the actual geographic information system that you are going to use?

MR. HARTE: We have already contacted the municipalities.

In fact we have even had discussions with the municipalities about using the same platform municipalities use and storing the information there that we could jointly share.

Q.112 - All right, sir. Thank you. Mr. Harte, I want to come to your response to Board IR number 1 which has excited I think interest by almost everyone here in the hearing, in which you say that you do not require or do not seek additional permits or approvals for your in-fill construction.

Is that a fair summary of what you are saying in exhibit 1, schedule 1?

MR. HARTE: We had believed that after we had approval from the Board in this hearing that the -- it would be our intent to file the information for in-filling in future years with the Board given the details and location of where we would be doing the in-filling, but not request to have any public hearing.

Q.113 - Okay. Just before we get into it, I just want to

identify two other exhibits, and the other one is exhibit J, schedule 4, which is the province's IR number 4, and exhibit K, schedule 5, which is Irving Oil's IR 5, all of which ask you what the process is for in-filling.

So, Mr. Harte, you are saying during the in-filling process Enbridge does not want to have another public hearing?

MR. HARTE: That's correct.

Q.114 - But do you agree with me that if you encounter sensitive environmental areas you may require other government approvals and other Board approvals?

MR. HARTE: Very much so.

Q.115 - Okay. But you are saying that those approvals could probably be sought -- or you would hope they would be sought by means of a written or an electronic hearing rather than an oral hearing?

MR. HARTE: That's correct.

Q.116 - Okay. Now is encountering environmentally sensitive areas the only trigger that you would see additional approvals being required, or would you leave it open to anything that might be of engineering, safety or environmental importance?

MR. HARTE: I'm sorry. Could you repeat the question?

Q.117 - Yes. We agree that -- you have agreed that if you encounter an environmentally sensitive area, that's going

to require detailed plans, that's going to require discussing it with the Department of the Environment, the Department of Natural Resources, getting their approval and perhaps Board approval --

MR. HARTE: That's correct.

Q.118 - -- during in-fill? Are there other reasons that Enbridge -- are there other situations that Enbridge would seek a regulatory authority's approval besides encountering an environmentally sensitive area, that you can think of?

MR. HARTE: Not that I can think of.

Q.119 - Well what about a need to -- where you in-fill somewhere where you need to do horizontal directional drilling that might have -- might not be environmentally sensitive but it might be perturbation of a major street or a stream within a city?

MR. HARTE: The reason for directional drilling is to avoid environmental issues under the environmental impact assessment.

Q.120 - All right. So you are telling me that horizontal directionally drilling by itself would not be something that you would see a need to go back to the regulatory authorities to get approval for --

MR. HARTE: That's correct.

Q.121 - -- for in-filling?

MR. HARTE: Yes.

Q.122 - Is your proposal to be allowed to in-fill without the need for further oral hearings confined to in-filling in the communities that you are seeking to service in this particular application?

MR. HARTE: That and also possibly other communities.

Q.123 - All right. So your position is that if you go into other communities not mentioned in this application, then there should be no oral hearing for that construction program?

MR. HARTE: We have filed for all of the 25 communities that we intend to serve. And those communities outside of the areas that we plan on constructing in this year, we would intend to do a public information program and also do an environmental assessment which we would then file with the Board, and if we thought appropriate apply for an application for construction without a public hearing.

Q.124 - Okay. Mr. Harte, I understand your position. Thank you very much.

But Mr. Harte, let me just ask you this. Would you also comply with the requirements of sections 512 through 520 of the Gas Distribution and Marketers Filing Regulations with respect to those communities and with respect to the application for a permit to construct that you would be seeking?

MR. HARTE: Maybe I should have a look at the --

Q.125 - Okay. Do you have them there? We can go through them together.

MR. BLUE: Mr. Chairman, could I just ask, while Mr. Harte is looking, how late you intend to go tonight?

CHAIRMAN: Well, I was going to let you finish this question really. And then I think we will rise then.

MR. BLUE: I was going to go through each one of these separately. So maybe Mr. Harte can think about that overnight. And --

CHAIRMAN: Okay.

MR. BLUE: -- we can stop now.

CHAIRMAN: All right. Great. Thanks, Mr. Blue.

We will adjourn until 9:00 a.m. in the morning.

(Adjourned)

Certified to be a true transcript of the proceedings of this hearing as recorded by me, to the best of my ability.

Reporter