



September 2, 2008

ALBERTA WILDERNESS ASSOCIATION

*"Defending Wild Alberta through
Awareness and Action"*

Victor Choy
Alberta Utilities Commission, Utilities Division
Fifth Avenue Place, 4th floor, 425 – 1 Street SW
Calgary, Alberta T2P 3L8

Sheila Chernys
Environmental and Regulatory Affairs Manager
Petro-Canada Oilsands Inc.
P.O. Box 2844
Calgary, AB T2P 3E3

Re: Application No. 1571279, PCOSI and Fort Hills Energy Corp – Substations, Transmission Line, Industrial System Designation for FHOSP

Dear Mr. Choy and Ms. Chernys,

This is a formal intervention letter by Alberta Wilderness Association (AWA) to object to the Application by Petro-Canada Oil Sands Inc. (PCOSI) on behalf of Fort Hills Energy Corporation to construct and operate an intertie substation, a central plant substation and a transmission line, and receive industrial system designation associated with the Fort Hills Oil Sands Project (FHOSP).

Our comments concern the authorized destruction of the McClelland Lake Wetland Complex inherent in approving this application for the power infrastructure of FHOSP.

We request that the Commission delay approval of the power infrastructure of the Fort Hills Oil Sands Project until surface mining of the McClelland Lake watershed is removed from this project.

In this letter, we comment directly on several inaccurate statements in the ISD application. Then we outline our concerns about McClelland Lake Wetland Complex that the authorization of this power infrastructure will make possible. AWA's interest, including our directly affected status, is described in the last section of this letter.

Concerns with Industrial System Designation application statements

ISD22) *List all stakeholders that you contacted...*

There is an error in the submitted list of organizations and stakeholders. Number 25 should be Alberta Wilderness Association rather than Alberta Wildrose Association as stated. Alberta Wilderness

Association is listed in the PCOSI Attachment 7 – Public Consultation Summary in Tables 5-1 and 5-3, while there is no mention of Alberta Wildrose Association.

ISD25) *Summarize discussion held with potentially directly and adversely affected parties.*

PCOSI states “Please see Attachment 7 – Public Consultation Summary. PCOSI has had numerous discussions with parties and submits that there are no significant outstanding issues yet to be resolved.”

This is incorrect. A significant outstanding issue remains the planned destruction by surface mining of the upper McClelland watershed, including half of the rare, ecologically rich wetland fen. There is no known way to reclaim destroyed peat wetlands. This activity will very likely destroy the hydrologically connected remaining half of the wetlands, and lake, in the lower part of the watershed. Indeed, in Attachment 7 – Public Consultation Summary, Table 5-3, (p. 11) PCOSI does state that “AWA remains opposed to mining in the Fen.” AWA actually opposes mining in entire McClelland watershed, but that clarification aside, the Attachment’s own wording suggests there remains a significant outstanding issue.

ISD26) *If potentially directly and adversely affected parties raised any concerns, describe how you dealt with or will deal with them.*

PCOSI states “All concerns were discussed with parties during meetings and any follow-up actions were documented and completed, or are in the process of being completed. PCOSI views stakeholder discussions as an ongoing activity.”

This is essentially incorrect. Attachment 7 – Public Consultation Summary, Table 5-3, Alberta Wilderness Association stakeholder – Response column (p. 11), states “PCOSI to provide AWA with updates on the Sustainability Committee (MLWCSC) and the transplanting program.” AWA did receive the September 2007 Closure, Conservation and Reclamation Plan, which it appreciates. In October 2007 AWA received MLWCSC meeting notes 2-6, from February 28, 2006 to April 18, 2007, and four technical reports dated as recently as March 2006. It has not received any MLWCSC meeting notes or reports since that time. AWA and PCOSI agree that AWA was invited to join the MLWCSC but chose not to participate in it. AWA is aware of no scientific evidence that mining half of a peat wetlands complex can be deemed sustainable of that ecosystem. It has not been presented with any evidence to that effect by any documentation generated by the MLWCSC and forwarded to AWA up to April 2007. Statements by PCOSI of its commitment to the fen do not constitute in any sense ‘completion’ of addressing a concern that mining half the peat wetlands will destroy it.

ISD27) *For those potentially directly and adversely affected parties identified above, include a confirmation of resolution of the concerns, if applicable.*

For reasons outlined above, PCOSI has not been able to resolve AWA’s concerns on this project.

AWA’s Position on the Effect of the FHOSP Power Infrastructure

Alberta Wilderness Association opposes Application No. 1571279 because it will enable mining in the McClelland Lake watershed, which includes the McClelland Lake Wetland Complex and patterned

fen. AWA requests that the portion of the FHOSP mining project that overlaps the McClelland Lake watershed be withdrawn from the mining application, and until that time, requests that Application 1571279 regarding power infrastructure to the project should be deferred.

The McClelland Lake watershed includes a unique system of wetlands, the heart of which is the McClelland patterned fen. Only 1% of Alberta's land base comprises patterned fens, and the McClelland fen is larger than 91% of patterned fens in the province. It is home to more than 100 species of birds, numerous rare plants including the carnivorous pitcher plant, amphibians such as the red-listed Canadian toad, and even the endangered whooping crane, which has been seen on the fen.

The McClelland fen was nominated for protection under the province's Special Places program in the 1990s and was designated as off-limits for oil sands mining under the Integrated Resource Plan for the area. When oil was found under the fen, the IRP was quickly changed at the request of True North, and True North's mining application, which included mining 45% of the fen, was approved despite overwhelming evidence that this would threaten the ecological integrity of the entire fen and Wetland Complex.

The approved mining of the 'upper' portion of the watershed will almost certainly lead to prolonged water table disruption in the lower part of the watershed which contains the patterned fen and lake. This will produce severe effects on vegetation and organic soils of the peat wetlands and lake. As noted above, no evidence exists that a patterned fen can be reclaimed. The patterned fen took approximately 8,000 years to develop. There have never been attempts to construct peat wetlands on a large scale. The ecological effects of replacing peatlands with other types of wetlands are unknown.

Reclamation will require re-engineering of the whole upper watershed. The September 2007 Reclamation and Closure FHOSP plan states that for the entire project site, "Class 5 wetland areas will see a decrease of 2,785 hectares." The construction of uplands and wetlands on the disturbed site will result in a profoundly different hydrological, soil and vegetation regime in the upper part of the watershed. It is not credible to expect that the McClelland Lake Wetland Complex can be sustained when subjected to this disturbance.

Moreover, the McClelland Lake watershed drains into the Firebag River, an ecological sensitive area itself, and ultimately into the Athabasca River, a river about which both scientists and other Albertans currently have serious concerns because of the intensity of oil sands operations in the area. To sustain the water quality, water quantity and biodiversity of this landscape, regulators have a responsibility to ensure we retain the most ecologically significant functioning natural watersheds in the larger Athabasca watershed.

AWA supports compensating FHOSP project owners for the withdrawal of mining access to the McClelland Lake watershed. Alternatively, emerging technology in subsequent decades may well offer other approaches to extract some of the bitumen resource without strip mining.

AWA's Directly Affected Status

Alberta Wilderness Association, founded in 1965, is a province-wide conservation group with 7,000 members and supporters in Alberta and around the world. In carrying out our mandate, "to defend

Wild Alberta through awareness and action,” we speak for those who cannot speak for themselves – the wildlife, rivers, and ecosystems of our province. We focus on protecting areas of special ecological significance in Alberta. McClelland Lake watershed is one such place.

AWA has had a long-standing interest in the Fort Hills and McClelland Lake Wetland Complex area covered by the Application. In 1994 the Northeast Wild Alberta Coalition, of which Alberta Wilderness Association was a member, met to discuss potential new protected areas in northeast Alberta (NEWAC was a Fort-McMurray-based coalition of environmental, recreational, and wildlife user groups and individuals). The Fort Hills area was identified as a top priority area in need of protection. NEWAC concluded that the most appropriate protection would be a combination of Provincial Park designation in the south west Fort Hills area, and Ecological Reserve designation for McClelland Lake, the patterned fens and the sinkhole lakes.

Since that time, AWA’s commitment to securing protection for this ecological treasure has not wavered. AWA publicized and lauded the 1996 Fort McMurray-Athabasca Oil Sands Subregional Integrated Resource Plan (IRP) Guidelines prohibiting oil sands surface-mining and in situ techniques within McClelland Lake wetlands, and protested the flawed process that accompanied the removal of this protection in 2002.

AWA’s long-term interest in the McClelland watershed was recognized by the AUC’s predecessor, the EUB. Represented by AWA member Dr. Richard Thomas, AWA testified in the EUB hearings on True North Energy’s application from July 2-10, 2002. Dr. Thomas presented, posed questions to True North Energy’s panel, and provided closing arguments.

AWA members are concerned about the future of this area. Some, including Dr. Richard Thomas and Dr. Diana Horton, have conducted research on site. Canoe trips on the Lake by AWA members have been profiled in our *Wild Lands Advocate* magazine, and in August 2008 AWA led a three day canoe and hiking trip to McClelland Lake Wetland Complex.

The AUC’s mandate is to give consideration of whether the project is in the public interest, having regard to its social, economic and environmental effects. AWA respectfully maintains that the Commission has the discretion to determine “directly affected” status beyond a narrow financial or property-owning definition, particularly in weighing environmental effects in a wilderness area. As in the 2002 True North EUB hearings, inclusion of AWA’s decades-long environmental interest and expertise relating to McClelland Wetlands will assist the AUC in fulfilling its legislated mandate.

Thank you for considering our concerns.

Sincerely,
ALBERTA WILDERNESS ASSOCIATION



Carolyn Campbell
Conservation Specialist