«DATA Reg.Intraprov.Pipelns Variables»**LETTER NO. L-29-94**

BRITISH COLUMBIA UTILITIES COMMISSION

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
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ROBERT J. PELLATT
COMMISSION SECRETARY

September 27, 1994

«name1»
«IF title»«title»
«ENDIF»«IF company»«company»
«ENDIF»«address1»
«IF address2»«address2»
«ENDIF»«City»
«PostalCode»

Dear «name2»:

Re: Regulation Intraprovincial Oil Pipelines

In the attached letters dated May 18, 1988 and March 1, 1989, intraprovincial oil pipelines were informed that the Commission would be regulating the pipelines on a reporting basis except in the event of complaints. A copy of Part 7 of the Pipeline Act is also enclosed for your information.

As a result of a number of recent inquiries, the Commission has reviewed the method of regulation, and has concluded that the present method should be continued, but that the following procedural refinements will improve its effectiveness:

- Effective immediately, each pipeline operator is to provide its shippers with copies of the annual forecast and variance statements that are filed with the Commission.
- When an application for a toll revision is filed, a copy of the application and other filed information is to be distributed to the shippers, and the Commission is to be informed that such documents have been distributed.
- Each pipeline is to provide a copy of this letter to all of its shippers, and any subsequent new shippers, for their information.
- Each pipeline is to file an updated shipper's list with the Commission now and whenever the list changes.

The above procedures will assist the Commission in continuing with regulation on a reporting basis at minimal cost to the pipelines. With the present method of regulation, only complaint resolution costs will be levied where significant. If a more rigorous form of regulation were to become necessary, all of the Commission's costs would have to be levied to the pipeline involved. For clarification of any of the above, please contact Philip Nakoneshny at (604) 660-4737 or BC Toll Free: 1-800-663-1385.

Yours truly,

Robert J. Pellatt

cms
Enclosures (2)

Mr. F.J. Lockhart
Vice President
Newcal Energy Inc.
3540, 700 - 2nd Street S.W.
Calgary, Alberta
T2P 2W2

Mr. Marlon McDougall, P. Eng.
Suncor Inc.
Resources Group
10511 - 100 Avenue
Fort St. John, B.C.
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Mr. Bernie Hanna
Manager, Pipeline Division
Morrison Petroleums Ltd.
3000, 400 - 3rd Avenue S.W.
Calgary, Alberta
T2P 4H2

Mr. S.J. Letwin
Senior Vice-President, Finance
Chief Financial Officer and Corporate Secretary
Numac Energy Inc.
321 - 6th Avenue S.W.
Calgary, Alberta
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Mr. John L. Fingarson
Vice-President, Secretary and
General Counsel
Trans Mountain Enterprises of British Columbia Limited
1333 West Broadway
Suite 900
Vancouver, B.C.
V6H 4C2

bcc: W.J. Grant
R.J. Pellatt
S.S. Wong
LIBRARY

J. Grunau
R.J. Pellatt - DIARY
J. Hague
P. Gronert

BRITISH COLUMBIA UTILITIES COMMISSION

March 1, 1989

Mr. R.C. Egglestone
Manager, Joint Operations
Suncor Resources Group Inc.
P.O. Box 38
500 - 4th Avenue S.W.
Calgary, Alberta
T2P 2V5

Dear Mr. Egglestone:

Re: Regulation Intraprovincial Oil Pipelines

Further to our letter of May 18, 1988 indicating the Commission's intention in the regulation of intraprovincial oil pipelines on a reporting basis, we write to clarify the requirements, contained as Item 4 in that letter, of certain financial statements which are required to be filed each fiscal year as follows:

A. A forecast statement should be filed no later than 30 days after the commencement of the fiscal year and should detail all expected costs, including breakdown of capital expenditures by project, together with revenues and expenses forecast based on expected throughput.

B. A variance statement should be filed within 60 days after the fiscal year-end and will compare the actual costs and revenues to the forecast for the year just ended.

C. Your company is to advise both the Commission and the users of any capital expenditure plans which would lead to an increase in tariffs. Concurrence must be sought from the users at least 60 days prior to initiating construction.

Yours truly,

R.J. Pellatt
Commission Secretary

RJP/ph
41/36

BRITISH COLUMBIA UTILITIES COMMISSION

May 15, 1988

Dear :

You were advised on August 4, 1987 that as a result of amendments to Part 7 of the Pipeline Act, the British Columbia Utilities Commission would be responsible for the economic regulation of Intraprovincial Oil Pipelines effective July 16, 1987. Last month, you were visited by Commission staff to discuss your operations.

Based on recommendations from staff arising out of that visit, you are hereby advised that it is the Commission's intention to regulate Intraprovincial Oil Pipelines as follows:

1. Regulation will be on a reporting basis except in the event of complaints.

2. Complaints received by the Commission will be investigated in accordance with Sections 46 and 52 of the Pipeline Act. For convenience, these sections are quoted in an attachment to this letter.

3. Tariffs are to be negotiated between the parties and must be filed with the Commission for approval. The current tariff will be considered to be a negotiated tariff and should be filed with the Commission as soon as possible.

4. The Commission will require two financial statements to be filed each fiscal year commencing with fiscal 1988/89:

   (a) A Forecast Statement should be filed at the start of the fiscal year and should detail all expected costs together with revenues forecast based on expected throughput.

   (b) A Variance Statement should be filed at year-end and will compare the actual costs and revenues to the forecast for the year just ended.

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In the case of fiscal 1988/89, please file a forecast for the whole year based on present knowledge.

Effective April 1, 1988 the Commission became self-funding commencing in the 1988/89 fiscal year. The basis on which costs are collected from the regulated utilities is explained in the attached advice letter dated March 31, 1988. In the case of Intraprovincial Oil Pipeline companies, it has not been decided what basis of cost recovery is appropriate, if any. It is the Commission's intention, therefore, to track costs incurred in regulating all Intraprovincial Oil Pipelines during fiscal 1988/89 and to develop a method for future billings based on this experience. The Commission will advise you further on this matter as information becomes available.

All Intraprovincial Oil Pipeline operators are directed that upon receipt of this letter, they are to send a copy of this letter and attachments to all users of their pipeline. Further, they are to provide the Commission with a list of these users, and to confirm to the Commission in writing that this instruction has been carried out.

Questions concerning any of the above should be directed to the undersigned or to Mr. W.J. Grant, Director, Engineering.

Yours truly,

R.J. Pellatt,
Commission Secretary

PHG/cms
84G/85G
Attch.

PART 7

OIL LINES

Application to oil lines

40. This Part applies to company pipelines for the transportation of oil and to companies operating them.

RS1960-284-40.

Traffic, tolls, tariffs

41. The minister may make regulations with respect to all matters relating to traffic, tolls or tariffs.

RS1960-284-42; 1983-10-23, effective October 26, 1983 (B.C. Reg. 393/83).

Duty of common carrier

42. Subject to exceptions or conditions the British Columbia Utilities Commission approves, a common carrier shall, according to its powers, without delay and with due care and diligence, receive, transport and deliver all oil offered for transportation by means of its company pipeline.

RS1960-284-43(1); 1983-10-21, effective October 26, 1983 (B.C. Reg. 393/83); 1987-44-31.

B.C. Utilities Commission power

43. The British Columbia Utilities Commission may require a common carrier to provide adequate and suitable facilities for receiving, transporting and delivering all oil offered for transportation by means of its company pipeline, and adequate and suitable facilities for storage of oil at the junction of its line with other pipelines.

RS1960-284-43(2); 1977-76-29; 1987-44-31.

Tolls must be approved

44. A common carrier shall not charge a toll unless it is specified in a tariff that has been filed with the British Columbia Utilities Commission and is in effect.

RS1960-284-44; 1987-44-31.

Equal tolls to be charged

45. All tolls shall be just and reasonable, and shall always, under substantially similar circumstances and conditions with respect to all traffic of the same description carried over the same route, be charged equally to all persons at the same rate.

RS1960-284-45.

Disallowance and substitution

46. The British Columbia Utilities Commission may disallow a tariff or a portion of the tariff that it considers to be contrary to this Act or to a regulation and may require a company, within a specified time, to substitute for that tariff or a portion of it a tariff satisfactory to the British Columbia Utilities Commission or the British Columbia Utilities Commission may specify other tolls in lieu of the tolls disallowed.

1987-44-32.

B.C. Utilities Commission may suspend

47. The British Columbia Utilities Commission may suspend a tariff or a portion of it before or after it goes into effect.

RS1960-284-47; 1987-44-33.

No discrimination

48. A common carrier shall not unjustly discriminate in rates, service or facilities against any person or locality.

RS1960-284-48.

Burden of proof

49. Where it is shown that a common carrier discriminates in rates, service or facilities against a person or locality, the burden of proving the discrimination is not unjust lies on the common carrier.

RS1960-284-49.

Offence and penalty

50. A common carrier or an officer, employee or agent of it who

(a) offers, grants, gives, solicits, accepts or receives a rebate, concession or discrimination; or

(b) knowingly is party or privy to a false billing, false classification, false report or other device,

by which a person obtains transportation of oil by a common carrier at a rate less than that named in the tariffs then in force, commits an offence and is liable on conviction to a fine not exceeding $10 000.

RS1960-284-50; 1987-44-34.

Terms of carriage

51. (1) Except as provided in this section, no contract, condition or notice made or given by a common carrier impairing, restricting or limiting its liability in respect of the transportation of oil shall relieve the common carrier from its liability, unless the class of contract, condition or notice has been first authorized or approved by regulation of the minister.

(2) The minister may, by regulation, determine the extent to which the liability of a common carrier may be so impaired, restricted or limited.

(3) The minister may prescribe the terms under which oil may be carried by a common carrier.

RS1960-284-51; 1983-10-23, effective October 26, 1983 (B.C. Reg. 393/83).

B.C. Utilities Commission investigations

52. The British Columbia Utilities Commission may investigate a matter arising under this Part and, notwithstanding anything to the contrary in the *Utilities Commission Act*,

(a) the commission is authorized to exercise its powers under section 49 of the *Utilities Commission Act*, and

(b) where "public utility", "utility's" and "utility" are used in section 49, they shall, for the purposes of this Act, be deemed to mean "oil pipeline common carrier", "carrier's" and "carrier" respectively.

1987-44-35.

PART 8

GAS LINES

Application to gas lines

53. This Part applies to company pipelines for the transportation of gas and to companies operating them.

RS1960-284-52.

Power of minister to order extension of services

54. The minister may, where action is necessary or desirable in the public interest, direct a company to extend or improve its transportation facilities to provide facilities for the junction of its company pipeline with a pipeline of, and sell gas to, a person or municipality engaged or legally authorized to engage in the local distribution of gas to the public, and for those purposes to construct branch lines to communities immediately adjacent to its company pipeline, if the minister finds that no undue burden will be placed on the company thereby; but the minister may not compel a company to sell gas to additional customers if to do so would impair its ability to render adequate service to its existing customers.

RS1960-284-53.

PART 9

ACCOUNTS

Regulations

55. The minister may, by certificate under the hand and seal of his office, prescribe or make regulations with respect to

(a) the manner in which the accounts of a company shall be kept;
(b) the classes of property for which depreciation charges may properly be included under operating expenses, and the rate or rates of depreciation that shall be charged with respect to each of the classes of property;
(c) a uniform system of accounts applicable to a class of company; and
(d) exempting a person or equipment, or class of person or equipment, from complying with an order made under section 39 (2) (c).

RS1960-284-54; 1972-43-8.

Returns

56. (1) Every person constructing or operating a pipeline to transport oil, gas or solids shall prepare and furnish to the minister returns of its capital, traffic, revenues, expenses and all other information required by the minister.

(2) The returns required by subsection (1) shall be signed and attested by the person or persons and shall be made for the periods the minister directs.

RS1960-284-55; 1965-35-7.

ROBERT J. PELLATT
COMMISSION SECRETARY

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September 27, 1994

Mr. John L. Fingarson
Vice-President, Secretary and
General Counsel
Trans Mountain Enterprises of British Columbia Limited
1333 West Broadway
Suite 900
Vancouver, B.C.
V6H 4C2

Dear Mr. Fingarson:

Re: Regulation Intraprovincial Oil Pipelines

In the attached letters dated May 18, 1988 and March 1, 1989, intraprovincial oil pipelines were informed that the Commission would be regulating the pipelines on a reporting basis except in the event of complaints. A copy of Part 7 of the Pipeline Act is also enclosed for your information.

As a result of a number of recent inquiries, the Commission has reviewed the method of regulation, and has concluded that the present method should be continued, but that the following procedural refinements will improve its effectiveness:

- Effective immediately, each pipeline operator is to provide its shippers with copies of the annual forecast and variance statements that are filed with the Commission.
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Mr. S.J. Letwin
Senior Vice-President, Finance
Chief Financial Officer and Corporate Secretary
Numac Energy Inc.
321 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H3

Dear Mr. Letwin:

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Mr. Bernie Hanna
Manager, Pipeline Division
Morrison Petroleums Ltd.
3000, 400 - 3rd Avenue S.W.
Calgary, Alberta
T2P 4H2

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Mr. Marlon McDougall, P. Eng.
Suncor Inc.
Resources Group
10511 - 100 Avenue
Fort St. John, B.C.
V1J 1Z1

Dear Mr. McDougall:

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Vice President
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